

ALASKA LEGISLATURE COMMITTEE FILES, 2003-2004 8672

11259 SENATE LABOR & COMMERCE

April 22, 2004

Senator Con Bunde, Page 2 of 2

The Uniform codes have for many years enjoyed a monopoly. While these codes have protected our health and safety, groups to enrich themselves at the public's expense have used them. The Uniform codes have been slow and/or refused to adopt and permit the use of labor saving products and techniques.

About a decade ago the International family of codes were developed in cooperation with three major code authorities in the United States. International Conference of Building Officials (ICBO), Building Officials and Code Administrators International (BOCA), and Southern Building Code Congress International (SBCCI) have produced the International Codes. The International codes are performance based which allows for innovations and betterments as industry technology advances. The International codes have made serious in roads into jurisdictions previously covered by the Uniform codes.

Consequently, the International Codes have caused the Uniform Codes to change. There were less than 100 changes made in the 1994 Uniform Plumbing Code (UPC) for the adoption and publication of the 1997 UPC. None of the changes were significant. There were more than 600 changes made to the 1997 UPC for the adoption and publication of the 2000 UPC. Many of these changes were significant and will result in major savings to the public with out sacrificing health and safety. Here is just one example. The use of plastic pipe for drains, waste and vents has been an accepted practice for more than fifty years by all code authorities. The Uniform Codes limited its use to buildings three stories and lower while the International codes allowed its use on buildings of any height. The 2000 UPC now allows the use of plastic pipe in buildings of any height. The potential savings in this one instance will amount to miliions of dollars each year on public projects alone. Plastic pipe installations require one half the time to install. It took the Uniform Code more than forty years to change. How many millions of dollars of public funds has been wasted? What changed from 1997 to 2000 that didn't change for forty years. The answer is obvious.

Both code families have their pluses and minuses. The real intent of SB-377 and HB-548 is to bring back the Uniform Mechanical Code to appease the Mechanical Contractors Association (MCA). Member contractors of the MCA are signatory to Union agreements. Open shop contractors are not allowed in the organization. There are forty-two member firms in the MCA out of 256 licensed mechanical contractors (plumbing, heating and air conditioning) in the State of Alaska. Both bills are band-aids to help a loud vocal minority group get what they want. These bills do not solve the true problem of how the State adopts codes so as to prevent special interests from enriching themselves at the public's expense and, most importantly insuring the health and safety of the public by use of the most modern and proven technologies available regardless of their labor intensity. The DOL cannot be trusted to adopt the best codes for our State and our citizens. We have elected you to do that important job for us. There is no need for this legislative band-aid. No new codes will be adopted this year. We have the time to come up with a true solution to these issues rather than bowing to the will of a vocal self-serving minority.

Very Truly Yours,

*Slayden Plumbing & Heating, Inc.*

*William L. Slayden*

William L. Slayden, President

My name is Max Mielke. I am the business manager of Plumbers & Pipefitters UA Local 262 here in Juneau. I am also the President of the Alaska State Pipe Trades Association, which represents over 1000 thousand members who are plumbers, pipefitters, sprinkler fitters and apprentices who every day install mechanical systems for mechanical contractors here in Alaska.

We think we should have a voice in how the mechanical code is administered

We strongly support the passage of SB 377.

The United Association of Plumbers, Pipefitters, Sprinkler Fitters and Apprentices, along with the help of the Mechanical Contractors Association of America, has developed one of the most extensive training programs of any union in the world, spending more than 1 million dollars a week, ensuring that our members are prepared for the future. Right here in the state of Alaska, there will be millions of dollars spent on two new local union regional training centers, one just opened in Juneau and another to begin construction this summer in Anchorage. This is another reason that we feel we should have a voice. UA Local 262 Joint Apprenticeship Committee will spend over one hundred thousand dollars on equipment and training right here in Juneau at our new Southeast Regional Training Center this year alone.

Here is a little history.

Listening to the last testimony, it seems that some will say anything, including misleading statements to try and stop the passage of this bill. Some will say there is no difference between the International Mechanical Code and the Uniform Mechanical Code. If there is no difference, then why have we changed? Some will say this is a better code, we beg to differ. We think there are safety concerns. Our people have trained on the uniform mechanical code for many, many years and most are still trained on the uniform code.

The plumbing, heating, mechanical, Electrical and fire protection trades in Alaska are currently regulated by codes published by IAPMO, ASME, NFPA and ICC. Of these industries, only the International Mechanical Code

by ICC is not accredited by American National Standards, Institute (or ANSI) which is an outside Independent Company.

The Boiler-Pressure Vessel and Industrial power piping industry in Alaska utilizes codes published by American Society of Mechanical Engineers. These codes are all ANSI Standards.

The Plumbing Industry is currently regulated by UPC published by International Association of Plumbing and Mechanical Officials. This code is an ANSI Standard.

The Electrical Industry in Alaska is subject to National Electrical Code and National Electrical Safety Code for all work inside and outside of buildings. These codes are published by National Fire Protection Association and are ANSI Standards.

The Fire Sprinkler trades and fire alarm systems are also regulated and subject to codes published by NFPA and are all ANSI Standards.

The only code currently in use here in Alaska that is not an ANSI accredited American National Standard is the International Mechanical Code published by ICC and adopted by Fire Marshals Office. The uniform Mechanical Code by IAPMO is an accredited American National Standard. The international Mechanical does not meet ANSI requirements.

My closing statement.

The IMC is not a consensus code; meaning only government building officials are the only review committee. (or ICC)

Whereas, the UMC has a balanced committee for all industries involved, including mechanical contractors and building officials.

And I say again that we strongly support the passage of SB 377 that moves the administration of the mechanical code to the Department of Labor and that is all we are asking.

Mr. Chairman, members of the committee, my name is Greg Moore, I represent NANA/Colt Engineering. I wish to voice our opposition to Senate Bill 377. We the managers, engineers and designers believe this bill has not been well thought out as to the Life Safety impacts to the people of Alaska and most important the bill bypasses a process started by this legislature. I first wish to make comment to the Sponsors Statement.

In the first paragraph, the sponsor states "Each department is responsible for adopting a family of codes to bring uniformity and consistency to the construction industry." This is not necessarily true. The Department of Public Safety is statutorily directed to "adopt regulations for the purpose of protecting life and property from fire and explosion by establishing minimum standards for fire and life safety criteria in commercial, industrial, business, institutional, or other public buildings, and buildings used for residential purposes containing four or more dwelling units." The DPS line of regulatory authority goes past just the construction industry as is implied in the sponsor statement. The DPS performs life safety building inspections, per the adopted code as part of the continuing process of maintaining a safe occupancy.

In the last paragraph, the sponsor states "Granting the authority to adopt the mechanical code to the Department of Labor would put the code in the same department as the other "trade codes." This change would make the department more consistent in their administration of continual education services and post-construction building inspections." This statement very much has a very condescending tone to it that the Life Safety & Building Codes are "trade codes". Building and Life Safety Codes regardless of

being the Plumbing Code, Electrical Code or the Fire Code are not written for the benefit of any particular trade. They are written for the benefit of the citizens of the communities that adopt them. These codes protect the public from the hazards associated with either poor **engineering** or **construction**. To allow a code to be placed in the hands of a trade-based organization or entity can be very dangerous to the citizens of this State.

I next wish to comment on the fiscal note that has been attached to this bill.

The sponsor of this bill believes that there is a zero fiscal note to the departments associated with this bill's action. Maybe the sponsor is somewhat right, but I can tell you that my company, as many other companies and persons in this state will consume hundreds of hours of the Department of Public Safety and Department of Labor personnel's time concerning code clarifications. The other fiscal impacts will be to all of the "deferred jurisdictions" (home rule cities) that have adopted the International Mechanical Code. Communities such as Anchorage will need to repeal their adopted International Mechanical Code and amendments and start over, except this time with a more difficult process of writing code interpretations between the over two hundred references that the International Building and Fire Codes make to the International Mechanical Code.

There will also be fiscal impacts to the over 6000 businesses and people that work with the mechanical code everyday.

As an engineering & design firm that works with all construction disciplines in virtually every community in this State we are most concerned with the impact to a service that is presently provided by the Department of Public Safety. I speak of Pre-construction plan review.

The Department of Public Safety (DPS) Division of Fire Prevention provides pre-construction non-structural life safety plan review services for all construction outside of the "deferred jurisdictions". The plan reviews utilize the Alaska Administrative Code and the adopted International Fire, Building and Mechanical Codes as the minimum requirements for construction. NANA/Colt Enginee and all of the companies we represent believe it is an important part of our business that the pre-construction plan reviews as they are presently conducted, are continued under the jurisdiction of the DPS. This continued practice will ensure that construction in Alaska will remain safe and in accordance with established safety codes.

Currently, the Department of Labor (DOL) does not provide plan review service for the Electrical and Plumbing Codes. It is expected that State Inspectors will inspect facilities after they are completed, if at all.

If the authority of the Mechanical Code is moved to the Department of Labor, the Pre-Construction Plan Review Services for the Mechanical Code will be lost. This could result in a company making a substantial capital investment, only to discover the constructed facility does not meet the code interpretation of the post construction review by the Department of Labor Mechanical Inspector.

The next issue is a fundamental one in nature and is widely accepted by both sides of this issue.

SB 377 does not solve the problem of how to address the discrepancies between the DPS and DOL, or between the Uniform Mechanical Code (UMC) and the International Mechanical Code (IMC).

NANA/Colt Engineering is concerned that by passing this legislation the training concerns of the mechanical administrators will only be passed onto a greater number of professionals in Alaska. The relatively small number of mechanical administrators (477) combined with registered mechanical contractors (226) will be satisfied but the 6166 Architects, Engineers, Fire Protection persons and some Residential Contractors will be faced with working with two differing codes.

Our understanding of the Alaska Safety Codes Task Force was to provide a recommended solution to the issues of code authority and adoption to the legislators and that those recommendations would be formalized into a bill and moved through the proper committees of the House and Senate. The process started with the Safety Codes Task Force should be completed.

NANA/Colt Engineering is also aware that the Mechanical Contractors of Alaska filed a preliminary injunction against the State of Alaska in Superior Court on December 17<sup>th</sup> 2001. The application stated that the Mechanical Administrators were seeking to enjoin the DPS and the State of Alaska from using certain recently adopted regulations, specifically the

International Mechanical Code. Judge Andrews denied the preliminary injunction. Judge Tan of the Third Judicial District further heard the case during July 2002. Judge Tan also denied the Mechanical Contractors Motion for Summary Judgment and declared the International Mechanical Code as adopted by the Department of Public Safety, State Fire Marshal as the governing Mechanical Code for Alaska.

Our last concern is about credibility.

On February 3<sup>rd</sup> and 4<sup>th</sup> of 2004 the American National Standards Institute (ANSI) Board of Standards Review meet to hear six appeals from various organizations and companies concerning the practices of the International Association of Plumbing and Mechanical Officials (IAPMO) code adoption and appeals process for the **Uniform Mechanical and Plumbing Codes**. The appellants had concerns that the IAPMO Standards Council when informed of significant conflict between American National Standards and the Uniform Plumbing and Mechanical Codes did not react accordingly with the standards development process.

It was also noted by another appellant that the Uniform Mechanical Code did not allow the use of some products that had been widely used by industry, approved by many Listing Agencies and recognized by other nationally recognized codes. When the dissimilarities were brought to the attention of the IAPMO Standards Council once again, the appellant was overruled and not afforded the right to file an appeal with the NFPA Standards Council, which is a governing body in association with IAPMO accreditation.

The ANSI Board of Standards upheld the appellants claims of conflict and ruled that under the existing ANSI Requirements to deny approval of the Uniform Mechanical and Plumbing Codes as American National Standards.

This unfortunately is not IAPMO's first case with failure of accreditation. In 1999 IAPMO was found by ANSI to be operating with a series of "voting blocks" rather than as individual delegates expressing their considered and professional judgment on a specific issue.

I ask can Alaska work with an agency that has credibility issues at the highest levels and allows manufacturers to be involved in the code implementation process?

I thank you for allowing NANA/Colt Engineering to testify and we ask that you not vote in favor of this bill.

Thank you

A handwritten signature in black ink, appearing to be "D. L.", written over a horizontal line.

**Greg Moore**

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**From:** Greg Moore  
**Sent:** Monday, April 05, 2004 11:30 AM  
**To:** Senator Ralph Seekins (E-mail); Senator Bettye Davis (E-mail) (E-mail); Senator Gary Stevens (E-mail) (E-mail); Senator Hollis French (E-mail) (E-mail); Senator\_Con\_Bunde (E-mail) (E-mail)  
**Cc:** Lt Governor Loren Leman (E-mail); Representative Nancy Dahlstrom (E-mail); Representative Norman Rokeberg (E-mail) (E-mail); Representative\_Tom\_Anderson (E-mail); Senator Therriault (E-mail) (E-mail); Senator\_Ben\_Stevens (E-mail) (E-mail); Senator Lyda Green (E-mail) (E-mail); Frank M Homan (E-mail)  
**Subject:** SB 377

Senate Labor & Commerce Committee Members,

Thank you for the opportunity to testify at last Thursdays Committee meeting. As you are probably aware NANA/Colt Engineering, companies I represent and myself are opposed to Senate Bill 377. We feel strongly that the process the State of Alaska and us individuals started with the Safety Codes Task Force should be the direction that we take to correct the issues the Mechanical Administrators of Alaska have described in so many instances to many of us.

I as many can understand the frustrations of using two codes in the same business/shop. We in the engineering & design communities utilize many different codes in our daily business, but we also except that sometimes it is far more important for the safe design of our States buildings to utilize the best of each code. Don't get me wrong, each and every code can be adjusted with state adopted amendments to fit a particular states needs, but some codes complement each other and allow for greater regulation without those many amendments and interpretation statements. Unfortunately the Mechanical Administrators are now tasked with understanding the perplexities of using different codes. It has also been almost four years since the State of Alaska adopted the International Building, Mechanical and Fire Codes and whatever learning curves, book purchases and hands-on experiences that is common with a new code adoption has well passed the excuse mark of not knowing.

I personally offered the Mechanical Administrators my services to assist them in understanding the differences in the codes. I am also aware that the Department of Public Safety has hosted classes to help with the Mechanical Administrators with their understanding of the International Mechanical Code.

What I hope this committee finds most interesting is that the largest Mechanical Contractor in this State, Klebs Heating & Air, testified to you that they are not in support of this bill.

I encourage the committee members to read over the attached document which we believe will help the Senators make a conscious decision to oppose this legislation.

I look forward to testifying to this committee in the future on all subjects related to public safety in Alaska.

Very Respectfully,  
Greg Moore  
Project Manager  
NANA/Colt Engineering, LLC  
700 G Street, ATO-500  
Anchorage, Alaska 99501  
Work - 907-273-4449  
Fax - 907-273-3990  
Mobile - 907-230-2438

4/15/2004

### Clarity In the Sponsors Statement.

In the first paragraph, the sponsor states "Each department is responsible for adopting a family of codes to bring uniformity and consistency to the construction industry." This is not necessarily true. The Department of Public Safety is statutorily directed to "adopt regulations for the purpose of protecting life and property from fire and explosion by establishing minimum standards for fire and life safety criteria in commercial, industrial, business, institutional, or other public buildings, and buildings used for residential purposes containing four or more dwelling units." The DPS line of regulatory authority goes past just the construction industry as the sponsor states. DPS performs life safety building inspections, per the adopted code as part of the continuing process of maintaining a safe occupancy.

I find it hard to believe that Senators in this state would jeopardize the safety of Alaskans by removing an essential piece of a life safety code from the authority that is tasked with protecting our safety from fire and explosion.

In the last paragraph, the sponsor states "Granting the authority to adopt the mechanical code to the Department of Labor would put the code in the same department as the other "trade codes." This change would make the department more consistent in their administration of continual education services and post-construction building inspections." This statement very much has a very condescending tone to it that the Life Safety & Building Codes are "trade codes". Building and Life Safety Codes regardless of being the Plumbing Code, Electrical Code or the Fire Code are not written for the benefit of any particular trade. They are written for the benefit of the citizens of the communities that adopt them. These codes protect the general public from the hazards associated with either poor engineering or construction and allow a code to be placed in the hands of a trade-based organization or entity can be very dangerous to the citizens of this State.

### State of Alaska Majority Web Page

Are the Senators of this committee aware that a "snap poll" taken last week on the State Majority Web Page showed that 24% (number 1 on the poll) of the respondents believe that the Department of Public Safety should be protected from budget cuts? Only 1% of the respondents believed that the Department of Labor should be protected. I bring this to the table because the Department of Public Safety is viewed by many as the protectors of our safety. We as citizens are willing to spend more to ensure our safety is maintained.

### Fiscal Note

The sponsor of this bill believes that there is a zero fiscal note to the commitments associated with this bill's action. Maybe the sponsor is somewhat right, but I can tell you that myself, as many persons in this state will consume hundreds of hours of the Department of Public Safety and Department of Labor personnel concerning code clarifications. The other fiscal impacts will be to all of the "deferred jurisdictions" (home rule cities) that have adopted the International Mechanical Code. Communities such as Anchorage will need to repeal their adopted International Mechanical Code and amendments and start over except this time with a more difficult process of writing code interpretations between the over two hundred references that the International Building and Fire Codes make to the International Mechanical Code.

There will also be fiscal impacts to the over 6000 businesses and people that work with the mechanical code everyday.

**Moving the Mechanical Code to the Department of Labor will result in the loss of the Plan Review Process.**

Currently, the Department of Labor (DOL) does not provide plan review service for the Electrical and Plumbing Codes. It is expected that State Inspectors will inspect facilities after they are completed, if at all. This could result in a company making a substantial capital investment, only to discover the constructed facility does not meet the code interpretation of the inspector.

The Department of Public Safety (DPS) Division of Fire Prevention provides pre-construction non-structural life safety plan review services for all construction outside of the "deferred jurisdictions". The plan reviews utilize the Alaska Administrative Code and the adopted International Fire, Building and Mechanical Codes as the minimum requirements for construction. NANA/Colt Engineering and all of the companies we represent believe it is an important part of our business that the pre-construction plan reviews as they are presently conducted, are continued under the jurisdiction of the DPS. This continued practice will ensure that construction in Alaska will remain safe and in accordance with established safety codes.

**SB 377 does not solve the problem of how to address the discrepancies between the DPS and DOL, or between the Uniform Mechanical Code (UMC) and the International Mechanical Code (IMC).**

NANA/Colt Engineering is concerned that by passing this legislation the training concerns of the mechanical administrators will only be passed onto a greater number of professionals in Alaska. The relatively small number of mechanical administrators (477) combined with registered mechanical contractors (226) will be satisfied but the 6166 Architects, Engineers, Fire Protection persons and some Residential Contractors will be faced with working with two differing codes.

Our understanding of the Alaska Safety Codes Task Force was to provide a recommended solution to the issues of code authority and adoption to the legislators and that those recommendations would be formalized into a bill and moved through the proper committees of the House and Senate. The process started with the Safety Codes Task Force should be completed.

NANA/Colt Engineering is aware that the Mechanical Contractors of Alaska filed a preliminary injunction against the State of Alaska in Superior Court on December 17<sup>th</sup> 2001. The application stated that the Mechanical Administrators were seeking to enjoin the DPS and the State of Alaska from using certain recently adopted regulations, specifically the International Mechanical Code. Judge Andrews denied the preliminary injunction. Judge Tan of the Third Judicial District further heard the case during July 2002. Judge Tan also denied the Mechanical Contractors Motion for Summary Judgment and declared the International Mechanical Code as adopted by the Department of Public Safety, State Fire Marshal as the governing Mechanical Code for Alaska.

**SB 377 contains numerous grammatical errors and references to publications and organizational names that are not current.**

This bill as written contains numerous errors. It uses out dated organizational names that are no longer in existence and publications that are no longer published. On page 1 line 13, the "International Conference of Building Officials"(ICBO) no longer exists but has been folded into the "International Code Council" (ICC), which is what the State has currently adopted for use as

a mechanical code. On page 2 line 29, the proposed legislation refers to the "Uniform Building Code" which was last published in 1997 by ICBO and is now known as the "International Building Code" published by ICC. The International Mechanical Code is a family member and is cross-referenced with the International Building and Fire Codes currently adopted by the State of Alaska. If Page 2, line 29 is taken literally, DPS would have to revert to adopting the 1997 Uniform Building Code, which was the last building code the Uniform Building Code published. Lastly, Page 3 lines 3 through 11 are confusing and seem to be a shift from current practice by applying to fewer than four dwelling units.

### Credibility

On February 3<sup>rd</sup> and 4<sup>th</sup> of 2004 the American National Standards Institute (ANSI) Board of Standards Review meet to hear six appeals from various organizations and companies concerning the practices of the International Association of Plumbing and Mechanical Officials (IAPMO) code adoption and appeals process for the Uniform Mechanical and Plumbing Codes. The appellants had concerns that the IAPMO Standards Council when informed of significant conflict between American National Standards and the Uniform Plumbing and Mechanical Codes did not react accordingly with the standards development process.

It was also noted by another appellant that the Uniform Mechanical Code did not allow the use of some products that had been widely used by industry, approved by many Listing Agencies and recognized by other nationally recognized codes. When the dissimilarities were brought to the attention of the IAPMO Standards Council once again, the appellant was overruled and not afforded the right to file an appeal with the NFPA Standards Council, which is a governing body in association with IAPMO accreditation.

The ANSI Board of Standards upheld the appellants claims of conflict and ruled that under the existing ANSI Requirements to deny approval of the Uniform Mechanical and Plumbing Codes as American National Standards.

This unfortunately is not IAPMO's first case with failure of accreditation. In 1999 IAPMO was found by ANSI to be operating with a series of "voting blocks" rather than as individual delegates expressing their considered and professional judgment on a specific issue.

I ask if Alaska can work with an agency that has credibility issues at the highest levels and allows manufacturers to be involved in the code implementation process.

**Subject:** [Fwd: AOGA Position Paper on SB 377, State Mechanical Code]

**Date:** Tue, 13 Apr 2004 08:42:13 -0800

**From:** Senator Con Bunde <senator\_con\_bunde@legis.state.ak.us>

**To:** Jane Alberts <Jane\_Alberts@Legis.state.ak.us>

**Subject:** AOGA Position Paper on SB 377, State Mechanical Code

**Date:** Mon, 12 Apr 2004 09:53:46 -0800

**From:** Theresa Rockhill <rockhill@aoga.org>

**To:** Senator Ralph Seekins <Senator\_Ralph\_Seekins@legis.state.ak.us>,  
Senator Bettye Davis <Senator\_Bettye\_Davis@legis.state.ak.us>,  
Senator Con Bunde <Senator\_Con\_Bunde@legis.state.ak.us>,  
Senator Gary Stevens <Senator\_Gary\_Stevens@legis.state.ak.us>,  
Senator Hollis French <Senator\_Hollis\_French@legis.state.ak.us>

To the Members of the

SENATE LABOR & COMMERCE COMMITTEE

Attached is Alaska Oil and Gas Association's (AOGA) approved position paper on SB 377/HB 548, State Mechanical Code.

Theresa Rockhill

ALASKA OIL AND GAS ASSOCIATION

121 W. Fireweed Lane, Suite 207

Anchorage, Alaska 99503

Phone: 907-272-7424

Fax: 907-279-8114

email: rockhill@aoga.org

 FINAL AOGA Position Paper on SB 377 & HB 548.doc

**Name:** FINAL AOGA Position  
Paper on SB 377 & HB  
548.doc

**Type:** WINWORD File  
(application/msword)

**Encoding:** base64

**Download Status:** Not downloaded with  
message



Alaska Oil and Gas Association  
121 W. Fireweed Lane, Suite 207  
Anchorage, Alaska 99503-2035  
Phone: (907)272-1481 Fax: (907)279-8114

**AOGA Position Paper on  
Senate Bill 377/House Bill 548, State Mechanical Code  
April 7, 2004**

The Alaska Oil and Gas Association (AOGA) appreciates the opportunity to comment on Senate Bill 377/House Bill 548, which proposes to move the authority of the Mechanical Code from the Department of Public Safety to the Department of Labor, and then allow the Department of Labor to adopt a Mechanical Code. AOGA is a private, nonprofit trade association whose 19 member companies account for the majority of oil and gas exploration, development, production, transportation, refining and marketing activities in Alaska.

AOGA opposes SB 377/HB 548, for the following reasons.

- Moving the Mechanical Code to the Department of Labor will result in the loss of the Plan Review Process.

Currently, the Department of Labor (DOL) does not provide plan review services for the Electrical and Plumbing Codes. It is expected that State Inspectors will inspect facilities after they are completed, if at all. This could result in a company making a substantial investment, only to discover the construction does not meet the code interpretation of the inspector. By having the plan review process, agreement is made between the regulator and the building owner on many aspects of code interpretation. This model typically results in a more efficient construction process, leaving on-site inspection to only verify construction met the approved plan.

The Department of Public Safety (DPS), Division of Fire Prevention, provides pre-construction non-structural life safety plan review services for all construction outside of the "deferred jurisdictions". The plan reviews utilize the Alaska Administrative Code and the adopted International Fire, Building and Mechanical Codes as the minimum requirements to construct to. The member companies of AOGA believe it is an important part of our business that the pre-construction plan reviews, as they are presently conducted, are continued under the jurisdiction of the DPS. This continued practice will ensure that construction in Alaska will remain safe and in accordance with established safety codes.

- SB 377/HB 548 do not solve the problem of how to address the discrepancies between the DPS and DOL, or between the Uniform Mechanical Code (UMC) and the International Mechanical Code (IMC).

AOGA member companies are concerned that by passing this legislation the training concerns of the mechanical administrators will only be passed on to a greater number of professionals in Alaska. The 6,166 professionals who are either Architects, Engineers, Fire Protection or Residential Contractors will be faced with needing training on two differing codes, while the concerns of the relatively small number of mechanical

administrators (477), combined with registered mechanical contractors (226), will be satisfied.

AOGA is aware that the Mechanical Contractors of Alaska filed a preliminary injunction against the State of Alaska in Superior Court on December 17<sup>th</sup> 2001. The application stated that the Mechanical Administrators were seeking to enjoin the DPS and the State of Alaska from using certain recently adopted regulations, specifically the International Mechanical Code. Judge Andrews denied the preliminary injunction. Judge Tan of the Third Judicial District further heard the case during July 2002. Judge Tan also denied the Mechanical Contractors Motion for Summary Judgment and declared the International Mechanical Code, as adopted by the Department of Public Safety, State Fire Marshal, to be the governing Mechanical Code for Alaska.

- SB 377/HB 548 contains numerous grammatical errors and references to publications and organizational names that are not current.

SB 377/HB 548 contains numerous errors. Reference is made to organizational names that are no longer in existence and publications that are no longer in print.

On page 1, line 13, and page 2, line 23, reference is made to the "International Conference of Building Officials" (ICBO). The ICBO no longer exists but has been merged into the "International Code Council" (ICC), which is what the State has currently adopted for use as a mechanical code. On page 2, line 29, the proposed legislation refers to the "Uniform Building Code", which was last published in 1997 by ICBO and is now known as the "International Building Code", published by ICC. The International Mechanical Code is a family member and cross-referenced with the International Building and Fire Codes currently adopted by the State. If Page 2, line 29, is taken literally, DPS would have to revert to adopting the 1997 Uniform Building Code, which was the last building code the ICBO published. Lastly, on page 3, lines 3 through 11 are confusing and seem to be a shift from current practice by applying to fewer than four dwelling units.

- SB 377/HB 548 bypasses the recommendations of the Safety Code Task Force

The Safety Code Task Force, established pursuant to HB 269, was charged with providing to the legislature a recommended solution to the issues of code authority and adoption. The Task Force's recommendations were formalized in HB 497, a bill creating the Building and Life Safety Code Commission. It is AOGA's position that the process started by the Safety Code Task Force be completed.



Alaska Professional Design Council • PO Box 100515 • Anchorage AK 99501-0515

13 April, 2004

MEMBER SOCIETIES

Alaska Society of Professional Engineers

Alaska Society of Professional Land Surveyors

American Congress on Surveying & Mapping Alaska Section

American Institute of Architects Alaska Chapter

American Society of Civil Engineers Alaska Section

American Society of Landscape Architects Alaska Chapter

Architecture/Engineering Marketing Association of Alaska

American Council of Engineering Companies of Alaska

Professional Engineers in Private Practice Alaska Chapter

American Society of Interior Designers

Senator Con Bunde, Chair  
Senate Labor and Commerce Committee  
State Capital  
Juneau Alaska 99801

Dear Senator Bunde:

The Alaska Professional Design Council is opposed to Senate Bill 377. The State Fire Marshal recently went through a process to adopt a mechanical code, and the process resulted in the selection of the International Mechanical Code. Senate Bill 377 is an attempt to overturn that decision despite the fact that the decision was based on a rational and reasonable evaluation of the codes and their interrelationship with the Building and Fire Codes.

In reviewing Senate Bill 377, please consider the following:

- The Department of Public Safety has been adopting the mechanical code for over 40 years. For most of those years, the International Conference of Building Officials (ICBO) and the International Association of Plumbing and Mechanical Officials (IAPMO) worked together on the Uniform Mechanical Code (and both had rights to the name). However, on several occasions they went their separate ways. In every instance, the State of Alaska adopted the ICBO version, not the IAPMO version. We do not see why it has suddenly become important to move this code to the Department of Labor and Workforce Development;
- In the early 1990's, ICBO joined with the two other building code-writing organizations in addition to IAPMO and the National Fire Protection Association (NFPA), to form the International Code Council (ICC). In 1999, a year before publication of those codes, IAPMO and NFPA pulled out of the organization and decided to publish a competing set of codes. The International Mechanical Code is part of the ICBO successor organization's (ICC) family of codes while the Uniform Mechanical Code is part of the competing family;
- In 2001, after a regulation project that took over a year, which included public input, the Department of Public Safety adopted the International Building Code

(IBC), International Fire Code (IFC), and the International Mechanical Code (IMC). The IBC and IFC were the only codes of their type available at the time and the IMC is cross-referenced in numerous places within the bodies of the other two codes.

- The IBC, IFC, and IMC were the blending of the requirements of the 1997 codes of the three code writing organizations and represent the state of the art with respect to building construction and safety.
- The IAPMO UMC and UPC 's status as an ANSI National Standard was revoked due to an appeal by two national organizations over the fact that the codes were in conflict with other ANSI Standards. The NFPA Standard with which the UMC and UPC are in conflict, is part of the NFPA/IAPMO C3 code family. So the C3 code family has internal conflicts that are not present in the International Codes. In fact, the NFPA Standard is in agreement with the International Code requirements.
- The UMC, the UPC, and the National Electrical Code (NEC) are stand-alone codes. They do not refer to each other while the International Codes are designed to be a unified set of documents. As a matter of fact, the International Codes reference the NEC for technical electrical requirements.
- The claim that the two departments do not attempt to coordinate the codes under their jurisdictions may have some merit. However, this has been the case for over forty years. Moving from three coordinated codes and one stand alone code to two coordinated codes and two stand alone codes does not solve this problem. If anything, it makes the situation worse. It is important to ensure fire safety that the building, fire and mechanical codes be coordinated. That is unlikely to happen with the mechanical code in the Department of Labor & Workforce Development. It would be better to move the plumbing code into the Department of Public Safety. Then all the codes could be coordinated, cross-referenced and the state of the art.
- The Department of Labor & Workforce Development claims no fiscal impact. They are going to do a regulation project they have never undertaken before using the same resources they have had. This must mean they have excess resources available to use on this project. In addition, the Department of Public Safety will have to do a regulation project deleting all reference to the mechanical code or referring to the mechanical code as adopted by the other Department. They have just completed a regulation project for the 2003 codes and will have to revisit this again, expending more precious resources for no other reason than to move code adoption authority from one department to another.

- The Department of Labor & Workforce Development does not currently do mechanical inspections. They only have authority to do plumbing, electrical, and boiler inspections. The sponsor statement and the supporting letters imply that they will start doing these inspections if given control over the mechanical code. This alone should have an affect on their budget unless they are planning to do more inspections for the same fees.
- There are numerous references in statute and within the language of the bill to organizations and codes that no longer exist. This bill does nothing to clean up that language. The bill implies that the Department of Labor & Workforce Development could adopt a mechanical code written by the International Conference of Building Officials. Except that ICBO no longer exists. ICBO is now part of the International Code Council.
- The need for continuing education has been cited as a reason to switch "back" to the Uniform Mechanical Code. Except for the fact that we were using the ICBO version of the UMC, and not the LAPMO version, so we would not be going back. In addition, the industry has been working under the IMC for the last three years. If they are not up to speed on its requirements and format by now, we have a bigger problem than who adopts the code.

For these reasons, we urge you to not pass this bill. It serves only to placate one segment of the construction community while ignoring the concerns of engineers, architects, general contractors, homebuilders and building owners, among others. The bill does not enhance public safety and, by making the codes less coordinated and cohesive, may do more harm than good.

If you have any questions regarding our position on Senate Bill 377, please contact Colin Maynard (907) 274-2236, or myself at (907) 723-6486.

Sincerely,



Sam S. Kito III, PE  
Chair, Legislative Liaison Committee  
Alaska Professional Design Council



**INTERNATIONAL  
CODE COUNCIL®**

*Setting the Standard for Building Safety™*

Washington Resource Center  
2122 112th Avenue NE, Suite C ■ Bellevue, WA 98004 U.S.A.  
Tel: +1 (425) 451-9541 ■ Fax: +1 (425) 637-8939

www.iccsafe.org

*Bunde*

**PRESIDENT**

**PAUL E. MYERS, C.B.O.**  
Assistant Director  
Dept. of Buildings and Inspections  
Cincinnati, Ohio

**VICE PRESIDENT**

**ANNE R. vonWELLER, C.B.O.**  
Chief Building Official  
Murray, Utah

**SECRETARY/TREASURER**

**NICK D'ANDREA, JR., C.B.O.**  
Manager, Commercial  
Development Services  
Tampa, Florida

**WALLY BAILEY, C.B.O.**

Director, Development  
and Construction  
Ft. Smith, Arkansas

**EDWIN M. BERKEL, C.F.I.**

Fire Marshal  
Mehlville Fire Protection District  
St. Louis, Missouri

**TERRENCE L. COBB, C.B.O.**

Director, Dept. of Codes Administration  
Nashville/Davidson County, Tennessee

**WILLIAM L. DUCK, JR., C.B.O.**

Chief, Inspections and Code  
Enforcement Division  
Columbus, Georgia

**WILLIAM D. DUPLER**

Building Official  
Chesterfield, Virginia

**GERALD D. GEORGE, C.B.O.**

Chief Building Official  
Boulder, Colorado

**HENRY L. GREEN**

Executive Director  
Department of Consumer  
& Industry Services  
Lansing, Michigan

**DOROTHY M. HARRIS**

Assistant Secretary of State  
Albany, New York

**FRED HERMAN**

Chief Building Official  
Palo Alto, California

**FRANK P. HODGE, JR., C.B.O., CEAP**

Director of Building and  
Fire Codes  
Hilton Head Island, South Carolina

**GREG JOHNSON**

Building Inspector  
Saint Paul, Minnesota

**H. H. "BUBBA" ROBERTS, C.F.I.O.**

Building Official  
Phenix City, Alabama

**JAMES T. RYAN, C.B.O.**

Codes Administrator  
Overland Park, Kansas

**STEVEN I. SHAPIRO, C.B.O.**

Director of Codes Compliance  
Hampton, Virginia

**JIM TIDWELL**

Executive Deputy Chief  
Fire Department  
Fort Worth, Texas

**CHIEF EXECUTIVE OFFICER**

**BOB D. HEINRICH**

April 2, 2004

Senator Con Bunde, Chairman  
Senate Labor & Commerce Committee  
State Capitol, Room 506  
Juneau, AK 99801-1182

Re: Written Comments SB 377

Chairman Bunde:

I am providing the following written comments per your request of April 1, 2004 made during the Senate Labor & Commerce Committee hearing. Thank you for the opportunity to provide oral testimony during the hearing, and for the opportunity to provide the following written comments for use and circulation.

The International Code Council (ICC) is not in support of the passage of SB 377. We agree with the comment made by Senator Therriault's staff aide at the hearing that there seems to be important information that is misunderstood about the issues surrounding codes and the bill. For this reason, any decision to change the currently adopted codes or the State's code administration programs would be premature

The ICC supports the undertaking of an effort to collect additional and accurate background information regarding codes and the organizations that promulgate them so an informed legislative decision can be made. Good public policy can only come out of an inquiry that investigates which code(s) will best serve the interests of the State of Alaska and Alaskan citizens. HB 269 last year, specifically charged the Alaska State Safety Codes Task Force with three objectives, one of which was to return a recommendation to the legislature regarding the review of the features of the available published safety codes for possible selection. The Task Force reported back to the 2004 Legislature, but this objective was not fully addressed and it remains incomplete. It seems that in order to make an informed decision, the 2004 Legislature needs additional information.

Any provider of model codes or standards should have the opportunity for consideration for potential adoption. Any code considered for adoption in

Alaska should be promulgated and developed using processes that meet the same State Policies as Alaskan State Administrative Agencies must meet for the conduct of their business and regulations development. Consider Alaska Statutes AS 44.62, and AS 44.62.312.

There are errors in the text of SB 377 that require correction. Page 1, line # 11, and page 2, line 19 references AS 18.60.870. My research indicates that that statutory section does not exist. This leaves further questions as to what process of adoption the Legislature may intend for a mechanical code. Page 2, line 29 references the Uniform Building Code and this should be corrected to say the International Building Code. Page 1, line 13, and page 2, line 23 references the International Conference of Building Officials (ICBO). The bill should reference the International Code Council to be correct.

ICBO along with two other model code organizations consolidated into the International Code Council, (ICC). Testimony given during the hearing described the old ICBO and its processes. Bill summary testimony did not correctly state accurate information about the ICC. The code development process used by ICC is the most inclusive process for developing codes. The ICC process includes all construction related industries in the decision making process, and anyone is free to participate in the code development process. All meetings are fully open public hearings and meetings. You do not have to be a member of the ICC to participate in the ICC code development processes.

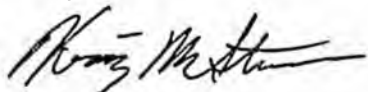
The International Code Council believes a selection of a coordinated family of codes will best serve the interests of Alaska. The ICC codes are the most widely adopted codes in use across the country. Should the State of Alaska prefer to choose a blend of codes, provided from multiple organizations, the ICC is open and ready to discuss the formation of partnerships that will best aid Alaska with finding solutions that serve the needs of Alaskans.

The ICC has developed electronic and other products which aid code users. Mechanical administrators, inspectors, and design professionals can all obtain ICC products that facilitate the simultaneous search of related code requirements from multiple codes. This capability can also overlay with state developed amendments. The requirements can be attached to inspection reports from the field and sent via wireless internet connection to state agency records and data bases. This can facilitate remote notification of completed inspections and status reports. It is efforts like this that the ICC finds to be of real service to the communities it serves. The ICC is willing to discuss with anyone real solutions to fit the needs of the industry and code users.

Thank you again for the opportunity to provide these written comments.

If you or other committee members have questions I can be reached at the address and phone number as noted below.

Respectfully submitted,



Kraig Stevenson, C.B.O.  
ICC Seattle Governmental Relations Office  
2122 112<sup>th</sup> Ave. N.E., Suite C  
Bellevue, WA 98004  
(425) 451-9541 ex 116  
kstevenson@iccsafe.org

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**UNITED ASSOCIATION**  
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the United States and Canada

Martin J. Maddaloni  
*General President*

Thomas H. Parchell  
*General Secretary-Treasurer*

C. Randal Gardner  
*Assistant General President*

Founded 1889

Letters should  
be confined to  
one subject

UA Local Union:

**375**  
**3568 Geraghty Street, Fairbanks, Alaska 99709**

Subject:

**Senate Bill 377**

**April 1, 2004**

**Senator Con Bunde**  
**Chairman Senate Labor & Commerce Committee**  
**716 W. 4th**  
**Anchorage, Alaska 99501-2133**

**Dear Senator Bunde:**

**I am writing to request your support of Senate Bill 377. I represent the membership of Plumbers & Pipefitters Local 375. We train and maintain a significant work force to the standards of the Uniform Plumbing Code and the International Mechanical Code. To help maintain consistency and improve efficiency, it is logical that both the mechanical and the plumbing codes should fall under the jurisdiction of the Department of Labor.**

**Thank you for your consideration.**

Sincerely,

**Jim Laiti**  
**Business Manager**



**Subject: SB377, HB548 RE: Moving Mechanical Code under Dept of Labor**

**Date:** Tue, 30 Mar 2004 13:00:55 -0900

**From:** "Fredeen, Craig" <cfredeen@ascg.com>

**To:** <senator\_con\_bunde@legis.state.ak.us>, <senator\_ralph\_seekins@legis.state.ak.us>, <senator\_bettye\_davis@legis.state.ak.us>, <senator\_gary\_stevens@legis.state.ak.us>, <senator\_hollis\_french@legis.state.ak.us>

Dear Senators,

0-17

I have just been made aware of the above mentioned bills that propose to move the administrative control and adoption of the Mechanical Code to the jurisdiction of the Department of Labor.

As a mechanical engineer, I use the mechanical and plumbing codes on a daily basis. I understand how a code can impact the construction industry as well as the very life and safety of the residents of Alaska. And since these codes are written for construction conditions throughout the nation, it is imperative that all available codes be reviewed, selected, and modified to fit the unique climactic and economic conditions we have in Alaska. These modifications must be completed through an open public process that brings the design community, construction community, code officials, and owners together in a mutually respectful environment.

As I'm sure you are aware, there are two separate mechanical codes available for adoption, the Uniform Mechanical Code and the International Mechanical Code. Unfortunately, it appears that these different bodies have escalated political pressure at the Legislative level to have their code adopted. Though I do not have any strong feelings towards either code, I do feel that the selection and adoption must be conducted in a public and impartial process that has the Alaskan resident's best interests in mind.

I am concerned about moving the mechanical code under the jurisdiction of the Department of Labor. The Department is already in control of the Plumbing Code and I have been disheartened by their handling of its adoption over the years. The plumbing code as well as two potential codes available for adoption, the Uniform Plumbing Code and the International Plumbing Code. I have yet to see the Department conduct an open process or discussion on the adoption of this code. Case in point, the 2003 Uniform Plumbing Code was adopted back in December by the Department of Labor with little to no warning or public comment. State Plumbing Inspectors are now enforcing this code while many of us in the design community were unaware of its adoption and have since been scrambling to find out what changes have been made since the 2000 edition.

A solution has already been proposed. HB497 proposed to form a commission that will place the adoption, review, and amending of all of the codes under one board with representation of all parties involved in a public and just process. In my years of seeing these cantankerous issues and political positioning arise every three years, this is the best solution to date.

I encourage you to vote against the measure to move the mechanical code. Though the current situation is not perfect, it is better than what is being proposed. I also ask that you look further into the benefits of HB497.

Thank you for your time.

**Subject: SB 377**

**Date:** Mon, 5 Apr 2004 11:29:30 -0800

**From:** "Greg Moore" <Greg.Moore@nana-colt.com>

**To:** "Senator Ralph Seekins (E-mail)" <Senator\_Ralph\_Seekins@legis.state.ak.us>, "Senator Bettye Davis (E-mail) (E-mail)" <Senator\_Bettye\_Davis@legis.state.ak.us>, "Senator Gary Stevens (E-mail) (E-mail)" <Senator\_Gary\_Stevens@legis.state.ak.us>, "Senator Hollis French (E-mail) (E-mail)" <Senator\_Hollis\_French@legis.state.ak.us>, "Senator\_Con\_Bunde (E-mail) (E-mail)" <Senator\_Con\_Bunde@legis.state.ak.us>

**CC:** "Lt Governor Loren Leman (E-mail)" <Lt\_Governor@gov.state.ak.us>, "Representative Nancy Dahlstrom (E-mail)" <Representative\_Nancy\_Dahlstrom@legis.state.ak.us>, "Representative Norman Rokeberg (E-mail) (E-mail)" <Representative\_Norman\_Rokeberg@legis.state.ak.us>, "Representative Tom Anderson (E-mail)" <Representative\_Tom\_Anderson@legis.state.ak.us>, "Senator Therriault (E-mail) (E-mail)" <Senator\_Gene\_Therriault@legis.state.ak.us>, "Senator\_Ben\_Stevens (E-mail) (E-mail)" <Senator\_Ben\_Stevens@legis.state.ak.us>, "Senator Lyda Green (E-mail) (E-mail)" <Senator\_Lyda\_Green@legis.state.ak.us>, "Frank M Homan (E-mail)" <frank\_homan@gov.state.ak.us>

Senate Labor & Commerce Committee Members,

Thank you for the opportunity to testify at last Thursdays Committee meeting. As you are probably aware NANA/Colt Engineering, companies I represent and myself are opposed to Senate Bill 377. We feel strongly that the process the State of Alaska and us individuals started with the Safety Codes Task Force should be the direction that we take to correct the issues the Mechanical Administrators of Alaska have described in so many instances to many of us.

I as many can understand the frustrations of using two codes in the same business/shop. We in the engineering & design communities utilize many different codes in our daily business, but we also except that sometimes it is far more important for the safe design of our States buildings to utilize the best of each code. Don't get me wrong, each and every code can be adjusted with state adopted amendments to fit a particular states needs, but some codes complement each other and allow for greater regulation without those many amendments and interpretation statements. Unfortunately the Mechanical Administrators are now tasked with understanding the perplexities of using different codes. It has also been almost four years since the State of Alaska adopted the International Building, Mechanical and Fire Codes and whatever learning curves, book purchases and hands-on experiences that is common with a new code adoption has well passed the excuse mark of not knowing.

I personally offered the Mechanical Administrators my services to assist them in understanding the differences in the codes. I am also aware that the Department of Public Safety has hosted classes to help with the Mechanical Administrators with their understanding of the International Mechanical Code.

What I hope this committee finds most interesting is that the largest Mechanical Contractor in this State, Klebs Heating & Air, testified to you that they are not in support of this bill.

I encourage the committee members to read over the attached document which we believe will help the Senators make a conscious decision to oppose this legislation.

I look forward to testifying to this committee in the future on all subjects related to public safety in Alaska.

Very Respectfully,  
 Greg Moore  
 Project Manager  
 NANA/Colt Engineering, LLC  
 700 G Street, ATO-500  
 Anchorage, Alaska 99501  
 Work - 907-273-4449  
 Fax - 907-273-3990

**BUILDING DEPARTMENT**710 MILL BAY ROAD, ROOM 208  
KODIAK, ALASKA 99615dmathers@city.kodiak.ak.us  
thaugen@city.kodiak.ak.usTELEPHONE: 907-486-8070  
907-486-8072  
FAX 907-486-8071


April 1, 2004

In regards to: Senate Bill 377

Ladies and Gentlemen:

In addressing SB 377 I would like to point out a few items. (1) The international Mechanical, Building and Fire codes are designed to work together as a unit. One corresponds with and cross-references the other and should be adopted and enforced within the same department. If the Dept of Public Safety gives up the Mechanical code will they have the right to enforce it or even use it in their plan reviews? If the Dept of Labor receives the right to adopt the Mechanical code will they use The International or Uniform Mechanical Code? If they choose the Uniform Mechanical Code we will loose the continuity between the three codes and cross-referencing will be impossible. Someone will have the enormous task of amending all the code so they will work as a complete set of codes, as they are designed to do. I bring this up because the Uniform Plumbing Code and the National Electric Codes are stand along codes. Meaning that they can be used with any building code and do not depend on cross-references to other codes. [Although they do reference other standards]. (2) We currently have two other bills pending. (SB 360 & HB 497). These create a Life Safety Code Commission. I believe that SB 377 needs to be tabled or postponed till after the creation of this commission because that is what the commission is tasked to do. Adopt codes and determine which Dept. will be tasked with the enforcement of the codes.

Thanks very much for your time

  
Douglas J Mathers  
Building Official  
City of Kodiak

# FISCAL NOTE

**STATE OF ALASKA**  
**2004 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: SB377-DPS-FP-3-31-04  
 () Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Public Safety  
 Title State Mechanical Code RDU Fire Prevention  
 Component Fire Prevention Operations  
 Sponsor Senate Labor and Commerce  
 Requester Senate Labor and Commerce Component No. 494

**Expenditures/Revenues** (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	*	*	*	*	*	*

<b>CAPITAL EXPENDITURES</b>						
-----------------------------	--	--	--	--	--	--

<b>CHANGE IN REVENUES ( )</b>						
-------------------------------	--	--	--	--	--	--

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
<b>TOTAL</b>	*	*	*	*	*	*

Estimate of any current year (FY2004) cost: 0.0  
 Check this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

Fiscal impact to the Department of Public Safety (DPS) is indeterminate because of variables in the bill. If the bill passes, most costs will not be understood until the Administrative Code adoption of a mechanical code by the Department of Labor and Workforce Development (DLWD) takes place. Once a code is adopted and if different from what is currently in place, new regulations will have to be promulgated by DPS and DLWD. Each state agency that reviews for code compliance or completes designs for its customers will have to be retrained to the new mechanical code and develop ways to work through the inconsistencies of potentially dissimilar building code families.

Prepared by: Gary Powell, Director Phone 269-5491  
 Division Fire Prevention Date/Time 3/31/04 3:46 PM  
 Approved by: Commissioner William Tandeske Date 3/31/2004  
 Agency Department of Public Safety



# SUPERIOR

Plumbing & Heating, Inc.

MECHANICAL CONTRACTORS

8861 Eilm Street  
Anchorage, Alaska 99507  
(907) 349-6572 Fax (907) 349-4480  
www.superiorpandh.com

Fax 1 907 465 3871

March 31, 2004

Senate Labor & Commerce Committee  
Senator Con Bunde, Chairman  
State Capitol  
Juneau, AK 99801-1182  
Mailstop 3100

Subject: Senate Bill 377

Senator Bunde:

I own and operate Superior Plumbing & Heating, Inc. which is a full service mechanical and plumbing contracting firm. I support the passage of SB 377.

As a licensed Contractor, Mechanical Administrator & Plumbing Administrator, State statutes require that I operate in accordance with both the current Mechanical Code and the current Plumbing Code, adopted by the State. This is because almost all mechanical work encompasses both codes.

Currently two different State Departments adopt two different codes produced by two different publishers, with no attempt to coordinate these two codes with each other. This lack of coordination causes my workers unnecessary confusion and expense in the day to day operations of my business. The Department of Labor is responsible for adopting and administering the other two trade codes (plumbing and electrical) and therefore it only makes sense that they should also adopt and administer the mechanical code as well.

Please pass SB 377 so that Alaska mechanical & plumbing contractors have only one state agency to deal with on these codes that we must use daily.

Sincerely,

Jan Van Den Top, P.E.

**Alaska Mechanical Contractors Assoc. Inc.  
Box 92950  
Anchorage, Alaska 99509**

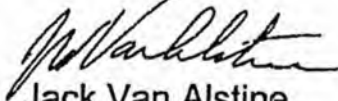
**31 March 2004**

Senate Labor & Commerce Committee  
Senator Con Bunde, Chairman

Subject: Senate Bill 377:

Our Association represents the majority of Mechanical Contractors in the Anchorage area. The current confused status of the Mechanical Codes and their administration at the State level creates significant problems for us. Please help us straighten this out by supporting the passage of SB 377.

Sincerely,



Jack Van Alstine  
Executive Director  
Alaska Mechanical Contractors Association



# International Mechanical, Inc.

646 E. DOWLING RD. ANCHORAGE, ALASKA 99518  
(907) 563-3044 FAX (907) 561-689

March 31, 2004

Senate Labor & Commerce Committee  
Senator Con Bunde, Chairman  
State Capitol  
Juneau, AK 99801-1182  
Mailstop 3100

Subject: Senate Bill 377

Senator Bunde:

I own and operate International Mechanical, Inc, which is a full service mechanical and plumbing contratin firm. I support the passage of SB 377.

As a licensed Contractor, Mechanical Administrator, and Plumbing Administrator State statues require that I operate in accordance with both the current Mechanical Codes and the current Plumbing Code, adopted by the State. This is because almost all mechanical work encompasses both classes.

Currently two different State Departments adopt two different codes produced by two different publishers, with no attempt to coordinate these two codes with each other. This lack of coordination causes my workers unnecessary confusion and expense in the day to day operations of my business. The Department of Labor is responsible for adopting and administering the othe two trade codes (plumbing and electrical) and therefore it onlky makes sense that they should also adopt and administer the mechanical code as well.

Please pass SB 377 so that Alaskan Mechanical and Plumbing Contractors have only one state agency to deal with on these codes that we must use daily.

Thanks

Kevin Carey, President,  
International Mechanical, Inc.



**MECHANICAL CONTRACTORS**  
8861 Elin Street  
Anchorage, Alaska 99507  
(907) 349-8572 Fax (907) 349-4480  
www.superiorpandh.com

From 1 907 463 3871

**FAXED**  
MAR 31 2004  
Page \_\_\_\_\_ of \_\_\_\_\_

March 31, 2004

Senate Labor & Commerce Committee  
Senator Con Bunde, Chairman  
State Capitol  
Juneau, AK 99801-1182  
Mailstop 3100

Subject: Senate Bill 377

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Currently two different State Departments adopt two different codes produced by two different publishers, with no attempt to coordinate these two codes with each other. This lack of coordination causes my workers unnecessary confusion and expense in the day to day operations of my business. The Department of Labor is responsible for adopting and administering the other two trade codes (plumbing and electrical) and therefore it only makes sense that they should also adopt and administer the mechanical code as well.

Please pass SB 377 so that Alaska mechanical & plumbing contractors have only one state agency to deal with on these codes that we must use daily.

Sincerely,

Jan Van Den Top, P.E.

**LAST FRONTIER MECHANICAL, LLC**

P.O. BOX 231149 Anchorage, AK 99523-1149  
Phone: (907) 561-5098 Fax: (907) 562-7993

---

March 31, 2004

Senate Labor & Commerce Committee  
Senator Con Bunde, Chairman  
State Capitol  
Juneau, AK 99801-1182  
Mail stop 3100

Subject: Senate Bill 377

Dear Senator Bunde,

I along with my partners own and operate Last Frontier Mechanical, LLC an Anchorage based company that is a full service mechanical and plumbing contracting firm. I'd like you to know that we support the passage of SB 377.

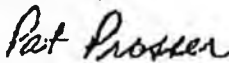
As a licensed Contractor, Mechanical Administrator, & Plumbing Administrator the State statutes require that we operate our business in accordance with both the current Mechanical and Plumbing codes adopted by the State of Alaska. This is because almost all of our work encompasses the use of both codes.

Currently two different State Departments adopt two different codes produced by two different publishers, with no attempt to coordinate these two codes with each other. This lack of coordination causes our workers unnecessary confusion and causes our company additional expenses in the day-to-day operations of our business. The Department of Labor is responsible for adopting and administering the other two trade codes (plumbing and electrical) and therefore it only makes sense that they should also adopt and administer the mechanical code as well.

Please pass SB 377 so that Alaska Mechanical and Plumbing Contractors have only one state agency to deal with on these codes that we use on a daily basis.

We at Last Frontier Mechanical, LLC appreciate all you've done to support our stance on this issue.

Sincerely,



Pat Prosser  
Last Frontier Mechanical, LLC



# International Mechanical, Inc.

646 E. DOWLING RD. ANCHORAGE, ALASKA 99518  
(907) 563-3044 FAX (907) 561-7689

March 31, 2004

Senate Labor & Commerce Committee  
Senator Con Bunde, Chairman  
State Capitol  
Juneau, AK 99801-1182  
Mailstop 3100

Subject: Senate Bill 377

Senator Bunde:

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Please pass SB 377 so that Alaskan Mechanical and Plumbing Contractors have only one state agency to deal with on these codes that we must use daily.

Thanks

Kevin Carey, President,  
International Mechanical, Inc.

# Chandler

**Plumbing & Heating, Inc.**

129 Minnie St. - P.O. Box 70534

Fairbanks, AK 99707-0534

Phone: (907) 456-5282 Fax: (907) 451-8973

March 31, 2004

Attn: Senator Bunde

Reference: Senate Bill 377

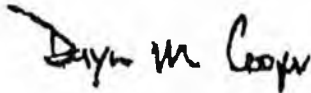
Dear Mr. Bunde:

This letter is in support of Senate Bill 377. The Department of Labor currently administers the plumbing and electrical codes. Since mechanical contractors in the State operate under both plumbing and mechanical codes, it seems logical to add the mechanical code to the Department of Labor.

I urge you to support the passage of this bill.

Sincerely,

CHANDLER PLUMBING & HEATING, INC.



Dayn M. Cooper  
President



PO Box 71979  
Fairbanks, AK 99707  
Phone: (907) 456-3300  
Fax: (907) 456-3345

March 31, 2004

Senate Labor & Commerce Committee  
Senator Con Bunde, Chairman  
State Capitol  
Juneau, AK 99801-1182  
Mailstop 3100

Subject: Senate Bill 377

Senator Bunde:

I own and operate Graystar Mechanical, Inc. which is a full service mechanical and plumbing contracting firm. I support the passage of SB 377.

As a licensed Contractor, Mechanical Administrator, & Plumbing Administrator State statutes require that I operate in accordance with both the current Mechanical Code and the current Plumbing Code, adopted by the State. This is because almost all mechanical work encompasses both codes.

Currently two different State Departments adopt two different codes produced by two different publishers, with no attempt to coordinate these two codes with each other. This lack of coordination causes my workers unnecessary confusion and expense in the day to day operations of my business. The Department of Labor is responsible for adopting and administering the other two trade codes (plumbing and electrical) and therefore it only makes sense that they should also adopt and administer the mechanical code as well.

Please pass SB 377 so that Alaska mechanical and plumbing contractors have only one state agency to deal with on these codes that we must use daily.

Sincerely,

A handwritten signature in black ink, appearing to read "Brad Erichson".

Brad Erichson  
President



Mailing: P.O. Box 60067 • Fairbanks, Alaska 99706-0067  
Physical: 2225 Van Horn Road • Fairbanks, Alaska 99701  
Phone: (907) 452-1831 • Fax: (907) 456-3493 • Email: westmech.com  
Contractor Registration #333 • Business License #014458

March 31, 2004

Senate Labor & Commerce Committee  
Senator Con Bunde, Chairman  
State Capitol  
Juneau, AK 99801-1182  
Mailstop 3100

Subject: Senate Bill 377

Senator Bunde:

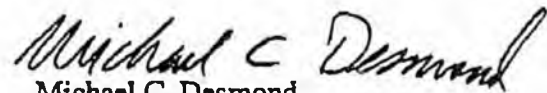
I am the President of Western Mechanical, Inc. a mechanical and plumbing contracting firm. I support the passage of SB 377.

As a licensed Contractor, Mechanical Administrator, & Plumbing Administrator State statutes require that I operate in accordance with both the current Mechanical Code and the current Plumbing Code as adopted by the State. This is because almost all mechanical work encompasses both codes.

Currently two different State Departments adopt two different codes produced by two different publishers who do not attempt to coordinate these two codes with each other. This lack of coordination causes my workers unnecessary confusion and expense in the day to day operations of my business. Since the Department of Labor is responsible for adopting and administering the other two trade codes (plumbing and electrical) and therefore it only makes sense that they should also adopt and administer the mechanical code as well. This should result in closer coordination between these codes.

Please pass SB 377 so that Alaska mechanical and plumbing contractors have only one state agency to deal with on these codes that we must use daily.

Sincerely,

  
Michael C. Desmond  
President



# Proposal

PROPOSAL SUBMITTED TO	Senator Con Bunde	JOB NAME	SENATE BILL 377	DATE	03/30/2004
STREET	Senate Labor & Commerce Committee	JOB LOCATION	State wide		
CITY, STATE AND ZIP	State Capitol	CONTACT	Mike Cooper, President Central Plbg & Htg		
PHONE	Juneau, Ak. 99801-1182 Mallstop 3100	JOB PHONE			

We hereby submit specifications and estimates for:

Senator Bunde,

I am writing this letter on our estimate form because Senate Bill 377 will effect the cost of doing business in our great State. I have been working under the Uniform Plumbing Code and the Uniform Mechanical Code for the last 30 years. With the other Uniform Codes the rules we work by have been a strict easy to follow bible. We here at Central Plumbing would like to see SENATE BILL 377 pass so that the stricter Uniform Codes will become the law again. So the employes at Central Plumbing & Heating do not have to change to rules, that are less stringent, from what we already know and work with.

<b>We Propose</b> hereby to furnish material and labor - complete in accordance with above specifications, for the sum of:	
<b>DOLLARS UNKNOWN</b> dollars (\$ _____).	
Payment to be made as follows:	
If we can.....	
<p>All material is guaranteed to be as specified. All work to be completed in a workmanlike manner according to standard practices. Any alteration or deviation from above specifications involving extra costs will be executed only upon written orders, and will become an extra charge over and above the estimate. All agreements contingent upon strikes, accidents or delay beyond our control. Owner to carry fire, earthquake and other necessary insurance. Our workmen are fully covered by Workmen's Compensation Insurance.</p>	<p>Authorized Signature <u>Michael J. Cooper</u>                  Michael J. Cooper                  Note: This proposal may be withdrawn by us if not accepted within <u>2</u> days.</p>
<p><b>Acceptance of Proposal</b> The above prices, specifications and conditions are satisfactory and are hereby accepted. You are authorized to do the work as specified. Payment will be made as outline above.</p>	SIGNATURE

★ ★ ★ **M** **C** **C**  
**ECHANICAL CONSTRUCTION & CONSULTING, INC.**

P O BOX 222325 ANCHORAGE, AK 99522 PHONE (907) 563-3155 FAX (907) 563-3156

March 31, 2004

Senate Labor & Commerce Committee  
Senator Con Bunde, Chairman  
Sate Capitol,  
Juneau, AK 99801-1182  
Mailstop 3100

Subject: Senate Bill 377

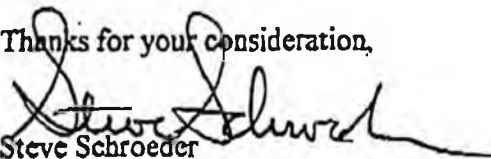
Senator Bunde,

I am an owner of Mechanical Construction & Consulting, Inc., a plumbing and mechanical contracting company. I urge you to pas SB 377.

We have been working with two sets of codes (UPC) and (IMC) for a year now. I can assure you that it is a confusing situation to work with. SB 377 appears to be a good vehicle to coordinate the codes and limit the confusion. If all codes were brought under the same department, then the chances of that department adopting codes by two different publishers would be severely reduced. Dealing with one state agency in the plan review process would also save the designers and ultimately the owners time and money.

Again I urge you to pass SB 377.

Thanks for your consideration,

  
Steve Schroeder  
President

**INDUSTRIAL-COMMERCIAL PIPING & PLUMBING \* DESIGN BUILD \* CADD DRAFTING \* PIPING FABRICATION \* CONSULTING**

Noble Mechanical Inc.  
P.O. Box 111209  
Anchorage Alaska 99511  
349-8611 349-5832 fax [noble@gci.net](mailto:noble@gci.net)

March 31, 2004

Senator Con Bunde, Chairman  
Senate Labor and Commerce Committee  
State Capital  
Juneau Alaska 99801-1182  
Mail stop 3100

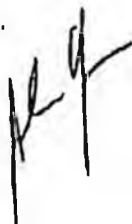
Subject: Senate Bill 377

Senator Bunde:

I Co-Own and Operate Noble Mechanical Inc. in Anchorage Alaska. I am a Licensed Mechanical Administrator and a Licensed Mechanical Contractor within the state of Alaska. In reference to the Senate Bill # 377 I urge you and your fellow Legislators to pass this important Legislation.

We now have two different State Departments adopting the Plumbing Code and the Mechanical Code. I would like to see the Department of Labor administer both the Mechanical and the Plumbing Codes. It also makes sense to me that if the Electrical, Plumbing and Mechanical Codes were to be handled only one Department (The Department of Labor) there must be some savings to be had by the Tax Payers. Which we as Contractors are big Tax Payers. The Adminstors Licensing that we all have, require continuing education. One department also would better administer this.

Sincerely John Bumgarner  
President  
Noble Mechanical Inc.





**UNITED ASSOCIATION**  
of Journeymen and Apprentices of the  
Plumbing and Pipe Fitting Industry of  
the United States and Canada

Martin J. Maddaloni  
*General President*

Thomas H. Patchell  
*General Secretary-Treasurer*

William P. Hite  
*Assistant General President*

Founded 1889

UA Local Union:

Letters should  
be confined to  
one subject

Subject:

March 30, 2004

Senate Labor and Commerce Committee  
Senator Con Bunde, Chairman  
State Capitol  
Juneau, AK 99801-1182

Subject: Senate Bill 377

Senator Bunde:

I am the Business Manager of the United Association of Plumbers and Pipefitters Local Union 262 here in Juneau. With this letter, I am speaking for my 15 signatory Mechanical Contractors in Southeast Alaska.

We strongly support the passage of SB 377, as it makes sense to have all plumbing, electrical and mechanical codes commingled to one state department; the Department of Labor.

Please pass SB 377 that would allow the Alaska Mechanical and Plumbing Contractors to deal with only one state agency regarding the codes they must utilize everyday.

Thank you for your consideration.

Max R. Mielke  
Business Manager  
UA Plumbers & Pipefitters Local Union 262



**Max R. Mielke**  
Business Manager  
Financial Secretary

907-586-2874  
907-463-5116 (fax) \*  
907-321-0262 (cell)

Plumbers and Pipefitters Local Union 262  
1751 Anka Street ~ Juneau, Alaska 99801

# FISCAL NOTE

**STATE OF ALASKA**  
**2004 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: **SB377-DOLWD-MI-03-31-04**  
 ( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Department: **Labor and Workforce Development**  
 Title: **State Mechanical Code** RDU: **Labor Standards & Safety**  
 Component: **Mechanical Inspection**  
 Sponsor: **Senate Labor & Commerce**  
 Requester: **Senate Labor & Commerce** Component Number: **346**

**Expenditures/Revenues** (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
-----------------------------	--	--	--	--	--	--

<b>CHANGE IN REVENUES ( )</b>						
-------------------------------	--	--	--	--	--	--

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2004) cost: None  
 Mark this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

The small cost increase as a result of this legislation will be absorbed within the Division's existing budget.

Prepared by: Grey Mitchell, Director Phone 465-4855  
 Division: Labor Standards & Safety Date/Time 3/31/04 8:18 AM  
 Approved by: Greg O'Claray, Commissioner Date 3/31/2004  
 Agency: Department of Labor and Workforce Development



**MECHANICAL CONTRACTORS**  
of Fairbanks, Inc.



March 30, 2004

Senate Labor & Commerce Committee  
Senator Con Bunde, Chairman  
State Capitol  
Juneau, AK 99801-1182

Subject: SB 377

Senator Bunde,

I represent the Mechanical Contractors of Fairbanks, Inc. which is an association of local mechanical contractors who regularly perform work under both the plumbing code and the mechanical code. It only makes sense that both codes be administered by the same department. Our members unanimously endorse SB 377 and urge its passage.

Sincerely,

William E. Sager  
Executive Director



# American Mechanical Inc.

General Contractor

P. O. Box 72991 • Fairbanks, Alaska 99707 • Tel (907) 479-5754 • Fax (907) 479-5771

Senate Labor & Commerce Committee  
Senator Con Bunde, Chairman  
State Capitol  
Juneau, Alaska 99801-1182  
Mailstop 3100

Date: March 30, 2004

From: Robert Sandstrom

Reference: Senate Bill 377

Subject: Support of SB 377

I represent American Mechanical Inc., as the project administrator for all mechanical & plumbing work we perform in the state of Alaska. I am writing to inform you I support the passage of SB 377.

Current State statutes require operation in accordance with both the current mechanical as well as the current plumbing codes adopted by the State. Most mechanical work is related to plumbing, therefore encompassing both codes in performance of work.

Currently two different State departments adopt two different codes produced by two different publishers, with no attempt to coordinate these two codes with each other. Lack of coordination causes unnecessary expense and confusion in our daily business operations. The Department of labor is responsible for adopting and administering the plumbing and electrical codes. It makes sense for them to also adopt and administrate the mechanical code as well.

Please pass SB 377 so Alaska mechanical & plumbing contractors have only one state agency to deal with on these codes we deal with daily.

Sincerely,

Robert Sandstrom  
Project Administrator  
Mechanical Division



**UNITED ASSOCIATION**  
of Journeyman and Apprentices of the  
Plumbing and Pipe Fitting Industry of  
the United States and Canada

Founded 1889

Letters should  
be confined to  
one subject

UA Local Union:

Subject:

Martin J. Maddaloni  
*General President*

Thomas H. Paschall  
*General Secretary-Treasurer*

William P. Hinz  
*Vice President*

March 30, 2004

Senate Labor and Commerce Committee  
Senator Con Bunde, Chairman  
State Capitol  
Juneau, AK 99801-1182

Subject: Senate Bill 377

Senator Bunde:

I am the Business Manager of the United Association of Plumbers and Pipefitters Local Union 262 here in Juneau. With this letter, I am speaking for my 15 signatory Mechanical Contractors in Southeast Alaska.

We strongly support the passage of SB 377, as it makes sense to have all plumbing, electrical and mechanical codes commingled to one state department; the Department of Labor.

Please pass SB 377 that would allow the Alaska Mechanical and Plumbing Contractors to deal with only one state agency regarding the codes they must utilize everyday.

Thank you for your consideration.

Max R. Mielke  
Business Manager  
UA Plumbers & Pipefitters Local Union 262



**Max R. Mielke**  
Business Manager  
Financial Secretary

907-586-2874  
907-463-5118 (fax)  
907-321-0262 (cell)

Plumbers and Pipefitters Local Union 262  
1751 Anka Street ~ Juneau, Alaska 99801



3426 International Way

Fairbanks, Alaska 99707

March 27, 2004

Senate Labor & Commerce Committee  
Senator Con Burde, Chairman  
State Capitol  
Juneau, AK 99801-1182  
Mailstop 3100

Subject: Senate Bill 377

Senator Burde:

I own and operate Technical Consultants, Inc, which is a full service mechanical and plumbing contracting service. I support the passage of SB 377.

As a licensed Contractor, Mechanical Administrator, & Plumbing Administrator State statutes require that I operate in accordance with both the current Mechanical Code and the current Plumbing Code, adopted by the State. These two codes, while different, are very closely related as almost all mechanical contractors are also plumbing contractors as well.

Currently the State adopts two different codes, by two different agencies, by two different publishers, with no attempt to coordinate these two codes with each other. This lack of coordination causes my workers unnecessary confusion and expense in the day to day operations of my business. The Department of Labor is responsible for administering the other two trade codes (plumbing and electrical) and therefore it only makes sense that they should also be the administrator of the mechanical code as well.

Please pass SB 377 so that Alaska mechanical & plumbing contractors have only one state agency to deal with on these codes that we must use daily.

Sincerely,

Vernon H. Boyles, President  
TCI

**UNIVERSAL  
MECHANICAL, INC.**

509 Monroe Street  
Fairbanks, Alaska 99701  
Tel: (907) 452-5269  
Fax: (907) 456-5532  
email: mikesexton@gcl.net

March 29, 2004

Senate Labor and Commerce Committee  
Senator Con Bunde, Chairman  
State Capitol  
Juneau, Alaska 99801-1182  
Mail stop 3100

Re: Senate Bill 377

Dear Senator:

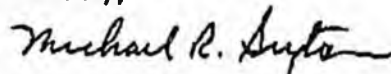
I own and operate Universal Mechanical, Inc. which is a full service mechanical and plumbing contracting firm. I am a licensed contractor, Mechanical Administrator and a Plumbing Administrator. I support the passage of SB 377.

State statutes require that I operate in accordance with both the current Mechanical and Plumbing codes. Currently, two different state departments administer these codes with no attempt to coordinate them. This causes any number of problems as there is no coordination between the codes and the departments.

The solution, as I see it, is to pass SB 377 which will put the Mechanical Code administration back in the Department of Labor (where the Plumbing and Electrical Codes are now) and we will have to deal with only one department.

Thank you for your consideration in this matter.

Sincerely,



Michael R. Sexton

**PATRICK MECHANICAL INC.**

(907) 452-3334

Fax (907) 452-3388

E-Mail: [pmi@patrickmechanical.com](mailto:pmi@patrickmechanical.com)**Mailing Address:**P.O. Box 80510  
Fairbanks, Alaska 99708**Physical Address:**3307 International Street  
Fairbanks, Alaska 99701

Senate Labor & Commerce Committee  
Senator Con Bunde, Chairman  
State Capitol  
Juneau, AK 99801-1182  
Mailstop 3100

March 30, 2004

**Subject: Senate Bill 377****Senator Bunde:**

I own and operate Patrick Mechanical, Inc. which is a full service mechanical and plumbing contracting firm. I support the passage of SB 377.

As a licensed Contractor, Mechanical Administrator, & Plumbing Administrator State statutes require that I operate in accordance with both the current Mechanical Code and the current Plumbing Code, adopted by the State. This is because almost all mechanical work encompasses both codes.

Currently two different State Departments adopt two different codes produced by two different publishers, with no attempt to coordinate these two codes with each other. This lack of coordination causes my workers unnecessary confusion and expense in the day to day operations of my business. The Department of Labor is responsible for adopting and administering the other two trade codes (plumbing and electrical) and therefore it only makes sense that they should also adopt and administer the unmechanical code as well.

Please pass SB 377 so that Alaska mechanical & plumbing contractors have only one state agency to deal with on these codes that we must use daily.

Sincerely,

Michael B. Patrick  
President



## MECHANICAL CONTRACTORS of Alaska, Inc.



March 30, 2004

Senate Labor & Commerce Committee  
Senator Con Bunde, Chairman  
State Capitol  
Juneau, AK 99801 - 1182  
Mailstop 3100

Subject: Senate Bill 377

Senator Bunde:

The Mechanical Contractors of Alaska is a statewide association of companies engaged in the mechanical contracting industry. We support SB 377.

Since mechanical contracting involves both the Plumbing Code and the Mechanical Code, the employees of our member firms must be proficient in the use both codes. State statutes require this proficiency to maintain their licenses.

At the present time the Plumbing Code is adopted and amended by the Dept. of Labor, while the Mechanical Code is adopted and amended by the Dept. of Public Safety. Currently the adopted codes are published by two different entities who make no attempt to coordinate with each other. Our industry is caught in the middle.

Please pass SB 377, this would put the primary trade codes ( plumbing, mechanical & electrical ) in one state agency. The mechanical industry would then only have one state agency to work with to coordinate these codes.

Sincerely,

Eugene R. Rutland  
Executive Director

[Fwd: SB377]

**Subject:** [Fwd: SB377]

**Date:** Tue, 30 Mar 2004 15:28:29 -0900

**From:** Senator Con Bunde <senator\_con\_bunde@legis.state.ak.us>

**To:** Jane Alberts <Jane\_Alberts@Legis.state.ak.us>

---

**Subject:** SB377

**Date:** Tue, 30 Mar 2004 12:47:15 -0900

**From:** Coliin Maynard <cmaynard@bbfm.com>

**Organization:** BBFM Engineers Inc

**T** · "Sen. Bunde, Con " <Senator\_Con\_Bunde@legis.state.ak.us>

While I am on the subject, there is no good reason to move the Mechanical Code from DPS to DOL. The current mechanical code is well integrated with both the building code and fire code and provides the third leg of fire safety. The move to DOL is a blatant attempt by IAPMO and the mechanical contractors, many of whom are members of IAPMO to sell its books, rather than the ICC code. The IMC has been in force here for almost three years so any training, book buying, or other issues should have been dealt with.

Thanks for your consideration.

--  
Colin Maynard, PE  
Vice President  
BBFM Engineers Inc.  
907-274-2236  
907-274-2520 (fax)



Alaska Chapter

**SB 377 / HB 548**

## **An Act Relating to the state's mechanical code**

ABC of Alaska opposes SB 377 and HB 548 on three points:

- A. The legislation bypasses the recommendations of the 2003 Safety Code Task Force
- B. The legislation proposes an unnecessary interim measure that does not resolve the true and identified code adoption concern
- C. The legislation removes the Department of Public Safety entirely from the evaluation and adoption of building codes – eliminating important checks and balances for the public welfare

For many years, the Uniform Mechanical Code (UMC) was the only comprehensive mechanical code available to provide building and life safety guidelines for mechanical construction. Under these circumstances, there was no need for the state to evaluate alternate codes and the UMC was routinely adopted by statute. With the relatively recent introduction of the International Mechanical Code (IMC) as well as the complete family of International Building Codes, the need has arisen for the state to develop a method for reviewing, analyzing, and adopting building and life safety codes for Alaska.

This need was brought to the forefront with adoption of the IMC by the Department of Public Safety in 2001. Similarly adopted by the major metropolitan areas of the state, the IMC was not consistent with a statutory requirement that the state utilize the UMC.

After much debate and several early attempts to legislatively resolve this conflict, the legislature in 2003 approved the appointment of a Safety Code Task Force to review this issue in depth. The Task Force Recommendation calls for creation of a Safety Code Commission. Early in this session, HB 497 and SB 360, proposing creation of a Safety Code Commission, were introduced. These bills have not yet been heard in committee. It is our position that the legislation seeking to implement the recommendations of the Task Force should be fully debated and evaluated before any other attempt to address this issue is pursued.

There is no need to rush into an interim move of code adoption from one Department to another. Code evaluation is a time consuming process, often taking several years to complete. At this time, there is no new code actively under review; we are at the beginning of a new code adoption cycle. It is important that our public servants take the time to seek a complete solution to this issue rather than rush through any partial solution.

Additionally, any attempt to address this issue must provide for a thorough evaluation and analysis of available codes from both the safety/design and implementation perspectives. One must presume that the Department of Public Safety has adopted the IMC with good faith effort to provide the safest code requirements for Alaska's public. To shift code adoption completely out of the Public Safety Department without providing for some Public Safety participation in the code adoption process is arbitrary and not in the best interest of the state.

**Construction Administrators**  
Continuing Education/Endorsement Categories

Mechanical Administrators	Electrical Administrators
<p><u>Mechanical Categories</u>            Heating, Cooling, and Process Piping (HCPP)            Mechanical Systems Temperature Control (CNTL)            Residential HVAC (RHVC)            Unlimited HVAC/Sheet Metal (UHVCH)            Unlimited Refrigeration (UR)</p> <p><u>Plumbing Endorsement Categories</u>            Residential Plumbing and Hydronic Heating (RPHH)            Unlimited Commercial and Industrial Plumbing (UCIP)</p>	<p><u>Electrical Categories</u>            Controls and Control Wiring (CNTL)            Inside Communication (IC)            Residential Wiring (RW)            Outside Communications (OC)            Unlimited Commercial Wiring (UCW)            Unlimited Line Work (UL)</p>



# Alaska State Legislature

DURING SESSION  
STATE CAPITOL  
JUNEAU, AK 99801-1182  
(907) 465-4843 (800) 892-4843  
FAX: (907) 465-3871

WEB SITE  
[www.akrepublicans.org/Bunde](http://www.akrepublicans.org/Bunde)



DURING INTERIM  
716 W. FOURTH AVE.  
ANCHORAGE, AK 99501-2133  
(907) 269-0181  
FAX: (907) 269-0184

E-MAIL  
[Senator.Con.Bunde@legis.state.ak.us](mailto:Senator.Con.Bunde@legis.state.ak.us)

## SENATOR CON BUNDE

District P

VICE-CHAIR: SENATE FINANCE COMMITTEE  
CHAIR: SENATE LABOR & COMMERCE COMMITTEE  
MEMBER: LEGISLATIVE BUDGET & AUDIT COMMITTEE

## Sponsor Statement

Senate Bill 377: "An Act relating to the state's mechanical code, to mechanical contractors and mechanical administrators, to mechanical standards and inspections involved in certain housing loans, and to the adoption of the state's mechanical code; and providing for an effective date."

---

There are five primary safety codes dealing with construction in Alaska, which are under the jurisdiction of two different Departments. The Fire, Building, and Mechanical Codes are, by default, under the jurisdiction of the Fire Marshall at the Department of Public Safety. The Plumbing and Electrical Codes are statutorily governed by the Department of Labor. Each department is responsible for adopting a family of codes to bring uniformity and consistency to the construction industry. However, the current delegation of authority to the respective departments has caused a set of conflicts and discrepancies, which Senate Bill 377 aims to address.

Senate Bill 377 grants the Department of Labor the authority to adopt the mechanical code for state administration purposes. Currently, the Department of Public Safety has authority to

*"...adopt regulations for the purpose of protecting life and property from fire and explosion by establishing minimum standards for fire and life safety criteria in commercial, industrial, business, institutional, or other public buildings, and buildings used for residential purposes containing four or more dwelling units."*

This broad-based authority has been used to adopt the state mechanical code since no other department has the statutory authority to do so. Granting the authority to adopt the mechanical code to the Department of Labor would put the code in the same department as the other "trade codes." This change would make the department more consistent in their administration of continual education services and post-construction building inspections.

## Sponsor Statement

SB

387

**HB554/SB387**  
**Commercial Fishing Loans for Quota Shares**  
**Eligible Communities**

There are 42 Communities with 13,030 residents that were determined by the National Marine Fisheries Services to eligible for the program. These communities are listed according to the halibut regulatory areas as follows:

**Area 2C**  
**8,119 Residents**

Angoon  
Coffman Cove  
Craig  
Edna Bay  
Elfin Cove  
Gustavus  
Hollis  
Hoonah  
Hydaburg  
Kake  
Kassan  
Klawock  
Metlakatla  
Meyers Chuck  
Pelican  
Point Baker  
Port Alexander  
Port Protection  
Tenakee Springs  
Thorne Bay  
Whale Pas

**Area 3A**  
**2,711 Residents**

Akhiok  
Chenega Bay  
Halibut Cove  
Karluk  
Larsen Bay  
Nanwalek  
Old Harbor  
Ouzinkie  
Port Graham  
Port Lions  
Seldovia  
Tatitlek  
Tyonek  
Yakutat

**Area 3B**  
**2,200 Residents**

Chignik  
Chignik Lagoon  
Chignik Lake  
Ivanof Bay  
King Cove  
Perryville  
Sand Point

**Eligible Communities**



CENTRAL COUNCIL  
tlingit and haida indian tribes of alaska  
ANDREW P. HOPE BUILDING  
320 West Willoughby Avenue • Suite 300  
Juneau, Alaska 99801-1726

---

**Testimony Supporting SB 387**

By: Don Bremner, Staff,

T&H Central Council Business & Economic Development

April 19, 2004

On Behalf of The S.E. Alaska Villages which Central Council represents we submit comment in support of SB 387.

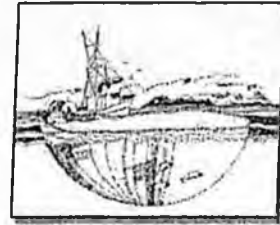
Central Council Indian Tribes of Alaska has been working with the Southeast Alaska Intertribal Fish and Wildlife Commission; Communities and tribes of S.E. Alaska to accomplish the following in support of the Community IFQ Program;

1. Worked with the North Pacific Fisheries Management Council on behalf of all communities and tribes of S.E. Alaska to gain passage of the Community IFQ program.
2. Are working with all communities and tribes to educate them about the program and to gain support to form a Regional Halibut and Sable Fish Nonprofit Corporation to assist in implementing the IFQ program.
3. Worked with the RAM Division; and State Community and Economic Development Department to help develop awareness of the program in the S.E. Villages.
4. Numerous letters and documentation about the benefits of the IFQ program has been shared with each S.E. Alaska community and tribe through meetings; letters; faxes; phone calls and e-mails. (Main documents attachment I.)
5. Worked to gain our Congressional delegation support in coming up with Federal funding for the program.
6. Most recently Central Council Indian Tribes of Alaska General Assembly has passed a Resolution authorizing Central Council legal council to assist our Villages in drafting and filing the Nonprofit Articles of Incorporation and By-Laws, which once signed by the President and Tribal Secretary we will be able to move forward with meeting with our Tribal lawyers to accomplish the legal aspect of incorporation and be able to offer a Regional Nonprofit corporation entity to help implement this program. (Copy of Resolution attached II.)

Based upon our role of working with the North Pacific Fisheries Management Council; S.E. Communities; Tribes; Fishermen; Southeast Inter-tribal Fish and Wildlife Commission and State Department of Commerce and Economic Development Department, we believe that the Central Council Business and Economic Development Department is best positioned to assist the State with coordinating the implementation of this program in S.E. Alaska.



Central Council of Tlingit & Haida Indian  
Tribes of Alaska  
Business and Economic Development  
3200 Hospital Drive, Suite 101  
Juneau, AK 99801



Phone: (907) 463-7147 or (800) 344-1432  
Fax: (907) 463-7316

**SOUTHEAST ALASKA  
INTER-TRIBAL  
FISH & WILDLIFE COMMISSION**

Dated: 1/27/04

## Notice

### Invitation to Participate in the Formation of The **Southeast Alaska Community Coalition of Fishing Communities**

On January 19, 2004 the Southeast Inter-tribal Fish and Wildlife Commission met and voted to form a "Southeast Alaska Community Coalition of Fishing Communities" to implement and administer the new halibut and sablefish program. We know you will need time to review this opportunity so included with this notice are documents that will help you decide. There are a number of reasons a Region wide Coalition will be advantageous to your community and we want to list them for you;

1. This is a federal program and our Congressional delegation, including Senator Ted Stevens has been advocating consolidation and regionalism of federal programs.
2. The Governor of Alaska is working to consolidate programs and services and from our experience has been funding commercial fisheries opportunities which benefit regions, as opposed to single communities.
3. Other regions have formed under Coalitions to take advantage of combined management, social, political; legal, and economic opportunities of implementing this new program.
4. The Code of Federal Regulations requires that each community may designate only one Community Quota Entity to hold the quota shares on behalf of that community and we know that with our experience of participating in the formation of this community purchase of halibut and sable fish program and our experience of managing such programs we have the immediate ability to represent your community with what we say we can do in this letter.

The Southeast Alaska Community Coalition of Fishing Communities will do a number of things that will benefit the region to increase the value of this program to the eligible member communities of Southeast Alaska as follows;

1. Hire attorneys to draft and file approved Articles of Incorporation and By-Laws that the communities can in turn adopt to manage and implement at the local level the benefits of the program.
2. Seek financial support to send representatives of the newly formed organization to Washington DC to meet with our Congressmen to request federal start-up funds for the community 501 C (3) Non-profits.
3. The request for federal start-up funds will be in the form of a grant to the community Non-profits and/or loan package.
4. The region wide organization will have strength of "One Voice" in areas of representation; political; legal; economic, and marketing opportunities.

This is what we are doing now:

1. Continuing our effort to establish funding sources.
2. Starting the development of community-based non-profits for the administration of the community purchase program.
3. Developing letters and resolutions for Tribes and City governments to facilitate and form the Community Quota Entities in our S.E. Alaska villages.
4. Network with organizations that will help carry our funding request to our Congressman.
5. Coordinate with financial institutions and their representatives to help establish the economic criteria for funding of community Non-profits.
6. Coordinating with the Federal Program Managers responsible for this new program.

Here is what we need from you by February 27, 2004;

1. We are including in this packet, a **Resolution** and complete the attached **Survey** your community can adopt to participate in the planning and implementation of a Southeast Alaska Community Coalition of Fishing Communities organization. Please return this by February 27, 2004 or we will assume your community does not wish be included in any of the organization benefits.

As the Southeast Inter-tribal Fish and Wildlife Commission Chairman, Matt Kookesh has been working on this issue with the North Pacific Fishery Management Council since 2001 and is fully capable of guiding the organization through this new halibut and sable fish IFQ program along with the Commissioners, and Federal managers of this program. We have been networking and collaborating with many knowledgeable scientists and federal managers responsible for implementing this program. They also have influenced the need to implement this program in a united manner in order to take immediate advantage of the program once the final regulations are approved either at the end of March or April 2004. We have been in contact with lawyers that have also reviewed the draft rules which are being finalized and they also recognize the need for coalition efforts in order for this program to be successful.

We encourage your community to consider this Resolution and Survey to join the Southeast Alaska Community Coalition of Fishing Communities organization a priority. Time is critical as we have people going to Washington DC within the next few weeks and they may be able to represent us as one voice on requesting federal start-up money for this program. I can be reached at 907-723-0260 or contact our staff members, Gordon Jackson, 907-463-7121, or Don Bremner, 907-463-7341 for questions about the attached material.

Sincerely,

Matt Kookesh, Chairman  
Southeast Inter-tribal Fish and Wildlife Commission

Sincerely,

Gordon Jackson, Manager  
Business and Economic Development

Attachments: Mr. Phil Smith, RAM Division presentation regarding the IFQ program  
Volume and cost estimates to enter the program and purchase the full  
volumes under this program  
Resolution for adoption to participate in the region wide organization  
Survey to complete and return by February 27, 2004

cc: All eligible Southeast Alaska 2A and 3A Communities and Tribes

# \_\_\_\_\_

# Survey to Join The Southeast Alaska Community Coalition of Fishing Communities

---

(Check only one answer)

\_\_\_\_\_  
City

(If you would like to do the survey over the phone call Don Bremner at 1-800-344-1432, ext. 7341)

1. Based upon the attached letters of Introduction can your community join the S.E. Community Coalition at this time?-----Yes  No
  
2. If no to number one, what more information do you need to decide to join at this time?
  - a. Proposed Non-profit Organizational and Management.-----
  - b. Financial structure of the region non-profit.-----
  - c. Financial obligation of my community non-profit at this time.-----
  - d. Legal obligations of my community Non-profit at this time.-----

**We would like to learn more about the commercial fishing infrastructure in your community.**

- a. Does your community have an operating commercial seafood processing plant?-----Yes  No
- b. Does your community have commercial seafood dock buying and off-loading capability?----- Yes  No
- c. What is the current size of your fishing fleet?-----# \_\_\_\_\_
- d. How many potential fishermen do you have in your community# \_\_\_\_\_
- e. How many fishermen or potential fishermen have the vessels and equipment to begin operations?-----# \_\_\_\_\_

- f. How many fishermen and potential fishermen have the financial capability to gear up a fisheries operation for the 2004 season?-----# \_\_\_\_\_
- g. How many fishermen and potential fishermen have the financial capability to pay the necessary lease of the halibut or sable fish quota?-----# \_\_\_\_\_

**We would like to learn more about your City Government operations and capability.**

- a. Under what type government is your City Incorporated? \_\_\_\_\_
- b. How often does your government meet? \_\_\_\_\_
- c. Does your government have experience in managing Non-profit Corporations?-----  
-----Yes  No
- d. Does your government have the capability of forming a 501 C (3) Non-profit to implement this program?-----  
-----Yes  No
- e. Based upon the estimated costs of purchasing the halibut and sablefish IFQ's in an open market does your City Government have the funds to purchase the IFQ's for the 2004 season?-----  
-----Yes  No

**We would like to learn more about your communities' freight service ability.**

- a. Does your community have the freight service capability to store and move the estimated volumes of fish product under this program? Yes  No
- b. Who is the freight service provider? \_\_\_\_\_
- c. What is the freight service schedule? \_\_\_\_\_
- d. What are the freight service costs? \_\_\_\_\_
- e. Will your community be able to get the fish products to market on a competitive basis with the current freight service in and out of your community?-----  
-----Yes  No

**What do you see as your community strong points in implementing this program successfully?**

- a. \_\_\_\_\_
- b. \_\_\_\_\_
- c. \_\_\_\_\_

d. \_\_\_\_\_  
**What do you see as your communities' weak points in implementing this IFQ program?**

a. \_\_\_\_\_

b. \_\_\_\_\_

c. \_\_\_\_\_

d. \_\_\_\_\_

**We would like to learn more about your communities' fuel and electricity costs?**

a. Who delivers fuel to your community? \_\_\_\_\_

b. How often is fuel delivered to your community? \_\_\_\_\_

c. What are your community fuel costs? \_\_\_\_\_

d. What are your community electricity costs? \_\_\_\_\_

**We would like to learn more about your community water system.**

a. What type water system does your community have? \_\_\_\_\_

b. What is your communities water source? \_\_\_\_\_

c. How is your communities water system maintained and managed? \_\_\_\_\_

**Who will be your community contact for this program?**

a. Name \_\_\_\_\_

b. Address \_\_\_\_\_

c. Phone \_\_\_\_\_

d. Fax \_\_\_\_\_

e. E-mail \_\_\_\_\_

**Does your community have bonding capability to purchase IFQ's? Yes  No**



**Central Council of Tlingit & Haida Indian Tribes of Alaska  
Sixty-Ninth General Assembly  
April 14-17, 2004  
Juneau, Alaska**

**Resolution 04-43**

**Title: Support of Funding of Legal Formation for Community Purchase of Halibut and Sablefish Commercial IFQ Non-Profit Organizations**  
**By: Tlingit Haida Indians of the City and Borough of Juneau**

WHEREAS, communities throughout Alaska that are dependent on commercial halibut and sablefish fishing are in extreme economic distress due to fundamental, long term changes in the seafood markets, unprecedented low salmon prices and closure of many processing operations and the loss of most markets for Alaska fishermen; and

WHEREAS, the Alaskan fishing industry is facing a crisis of terrible proportion; and

WHEREAS, the loss of many processors has added to this crisis and created a situation in which it is physically impossible for the remaining Alaskan processors to commit to buying a vast majority of the fast approaching 2004 return; and

WHEREAS, many coastal communities are eligible to form Community IFQ's Nonprofit Corporations to purchase halibut and sablefish; and

WHEREAS, the NPFMC is drafting guidelines which determine eligible communities, appropriate ownership entities, Ownership caps on individual communities, Cumulative ownership caps, blocked and unblocked shares, vessel size restrictions, sale criteria, codes of conduct, administrative oversight, and sunset provisions important to our affected communities; and

WHEREAS, the opportunity to have the S.E. Alaska Coastal Communities benefit from such IFQ's is important to the economic survival of our Native villages;

NOW THEREFORE BE IT RESOLVED, that the Sixty-Ninth General Assembly of Central Council Tlingit and Haida Indian Tribes of Alaska convened in Juneau, Alaska on April 14-17, 2004 direct the Central Council President and Lawyers to work to draft and Incorporate a Regional S.E. Alaska Nonprofit Corporation to help our S.E. Villages benefit by these programs with any and all legal rights established under this program considered by the National Marine Fisheries Management Council.

ADOPTED this <sup>th</sup> 17 of April, 2004 by the Sixty-Ninth General Assembly of the Central Council of the Tlingit and Haida Indian Tribes of Alaska.

**CERTIFY**

\_\_\_\_\_  
President

**ATTEST**

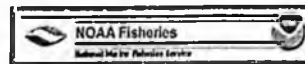
\_\_\_\_\_  
Tribal Secretary

## Amending the IFQ Program: a New Opportunity for Gulf of Alaska Coastal Communities

Presented to:

Restricted Access Management (RAM) Staff  
Juneau, Alaska :: December 23, 2003

Phil Smith, RAM  
Alaska Region, NMFS (National Marine Fisheries Service)



## Background

- In 1980s and early 1990s, the halibut and sablefish fisheries were overcapitalized; the result was
  - Short, intense (derby) seasons ("race for fish")
  - Poor product quality and low ex-vessel prices
  - Unhappy consumers (little fresh fish)
  - Unsafe operations (loss of vessels and life)
  - Low catch per unit of effort (CPUE)
  - Gear conflicts, lost gear, & ghost fishing
- In 1991, the Council recommended an Individual Fishing Quotas (IFQs) program to address these problems
- The IFQ program was implemented in 1995

## Background - IFQ Program

- Quota Shares (QS) were issued to vessel owners and lessees who had catch in the "qualifying years" - late 1980s and 1990
  - Amount of quota depended on amount of catch from that person's boat by species and area
- QS is defined by Species, Area, Vessel Category and Block Status, as follows:
  - Species = Halibut or Sablefish
  - Area = 2C, 3A, etc. (for halibut)  
SE, WY, etc. (for sablefish)
  - Vessel Cat. = A (freezer), B, C, or D
  - Blocked = QS that may not be divided

## Background - IFQ Program (Cont'd)

- Amount of QS that may be held by any person, or fished from any one vessel, is "capped"
  - Amount varies, between 0.5% and 1.5%
- No person may hold more than two "blocks" of QS in any area at the same time (or one block and unblocked QS up to the cap)
- Every year, managers (IPHC and Council) decide the Total Allowable Catch (TAC) by administrative area, for both halibut and sablefish

### Background - IFQ Program (Cont'd)

- After the annual TAC is set, QS holders receive their annual Individual Fishing Quota (IFQ) permit
  - The permit authorizes harvest of a specific number of pounds of fish of a specific species (halibut/sablefish), in a specific administrative area
- Amount of IFQ that is issued to a person depends on amount of QS s/he holds, relative to the QS held by all QS holders in the administrative area (i.e., the "Quota Share Pool" - QSP), as follows
$$QS/QSP \times TAC = IFQ$$

### Background - IFQ Program (Cont'd)

- QS (and IFQ) is transferable (i.e., it may be sold), and so it has a market value
  - Value has been ~ \$10 to \$12 per pound of IFQ
  - Value depends on amount, area, species, etc.
- Catcher vessel QS may be only be transferred to, and used by,
  - Those who received QS initially, or
  - "IFQ Crewmembers" (i.e., individuals who can demonstrate 150 days of fishing)
- Eligible persons receive "Transfer Eligibility Certificate" (TEC)
- Catcher vessel QS may not be leased

### Background - IFQ Program (Cont'd)

- Corporations and partnerships, and individuals who received shares initially may hire a skipper to fish their IFQ permit
  - But must own a 20% interest in the vessel
- When corporation or partnership "changes" (brings on a new owner), it must divest its catcher vessel QS to qualified individual(s)
- So, over time, all catcher vessel QS/IFQ will be held by individuals who must be on board when the IFQ permit is being fished.
- This "owner on board" program element is an important goal of the IFQ program

### Background - IFQ Program (Cont'd)

- The IFQ program has been in effect since 1995; as a result,
  - The seasons have extended to 8+ months
  - The ex-vessel value has increased
  - Product quality has improved
  - Safety at sea has improved dramatically
  - CPUE has risen, while discards, by-catch, lost gear, and ghost fishing have declined
- Consolidation has also occurred
  - Total QS holders has declined by >25%
  - Numbers of vessels have declined by >50%
- So, the program is considered a "success"

### Background - Communities

- Fishermen in small coastal communities (villages) received QS in proportion to their halibut/sablefish fishing in the late 1980s
- After IFQs, some bought more QS and expanded their operations; most did not
- By the end of 1998, almost 25% of QS that was issued to residents of small coastal communities had been transferred to residents of larger communities
  - Even as gross income from IFQ fishing increased
- Problem of declining access to IFQ fisheries was made worse by poor salmon prices

### Background - Communities (Cont'd)

- In the late 1990s, leaders in the communities got organized and created the GOACCC
- Intent was to advocate for a solution to the decline of the fishery economy in small GOA communities
- With respect to IFQ halibut/sablefish, they sought either quota or access to quota
  - GOACCC testified before the National Research Council and before the North Pacific Fishery Management Council (Council) on several occasions
  - GOACCC also met with NMFS, the State, Sen. Stevens, and others, to pursue their goals

### Background - Communities (Cont'd)

- The Council considered two formal mandates, including
  - National Research Council report ("Sharing the Fish...") recommended attention to communities as stakeholders in the management process
  - National Standard #8 [1996 Sustainable Fisheries Act (amended Magnuson-Stevens Act)] mandated consideration of community issues in fishery management plans
- As a result, the Council listened to the GOACCC, and acted
  - In April 2002 Council took final action on Amendment to IFQ program to allow communities to "buy in" to the IFQ program

### Background - Communities (Cont'd)

- The result is current Secretarial approval of a proposed Amendment to the IFQ Program to allow small coastal communities to "buy in" to the IFQ program and to use IFQ to benefit local communities
- A Proposed Rule for the amendment has been published in the Federal Register (comment period ended on December 1)
- Final Rule could be published in early 2004
- So, communities could obtain QS and be fishing their IFQs during the 2004 season
- A presentation of program elements follows

## Disclaimer

*Although it is intended to be accurate, the following program description is only a summary of the program requirements that are set out in the Proposed Rule.*

*The Secretary of Commerce has approved the Council's proposed amendment to the Fishery Management Plan (Amendment 66); however, as of the date of this presentation (December 2003), he has not approved the implementing regulations.*

*Accordingly be advised that the Secretary may still reject the Proposed Rule in its entirety, or he may amend it before it is published as a Final Rule.*

## Program Summary

- Eligible GOA Communities may establish new non-profit corporations ("Community Quota Entities" or CQEs) to act on their behalf; if they do, then
  - CQEs apply to NMFS for authority to hold QS
  - When approved, CQEs enter the QS market
  - CQEs who hold QS then "lease" annual IFQ permit amounts to community residents
  - Lessees hire crew and fish the IFQ
  - Annually, CQEs submit activity reports and lessees pay the annual IFQ fee
  - CQEs remain in the market, and buy/sell QS as their finances and interests allow
  - Council reviews program in 5 years

## "Eligible" GOA Communities

- Eligible Gulf of Alaska communities have the following characteristics:
  - They have a population of fewer than 1500 people (according to the 2000 census)
  - They have direct saltwater access (i.e., they are located on the coast of the GOA)
  - They lack direct access to the road system
  - They have historic participation in the commercial halibut and sablefish fisheries, and
  - They have been specifically designated on a list recommended by the Council
- The Council has designated 42 communities, as follows:

## Designated Eligible Communities

### Southeastern Alaska

Angoon	Coffman Cove
Craig	Edna Bay
Elfin Cove	Gustavus
Hollis	Hoonah
Hydaburg	Kake
Kasaan	Klawock
Metlakatla	Meyers Chuck
Pelican	Point Baker
Port Alexander	Port Protection
Tenakee	Thorne Bay
Whale Pass	

### Southcentral Alaska

Akl'ok	Chenega Bay
Chignik	Chignik Lagoon
Chignik Lake	Halibut Cove
Ivanof Bay	Karluk
King Cove	Larsen Bay
Nanwalek	O'J Harbor
Ouzinkie	Perryville
Port Graham	Port Lyons
Sand Point	Seldovia
Tatitlek	Tyonek
Yakutat	

Note that, in the future, other communities may petition the Council for designation

### Community Quota Entities (CQEs)

- CQEs are new (organized after April 10, 2002) non-profit corporations that are authorized to hold halibut/sablefish QS on behalf of specific eligible communities
  - CQEs are organized under the laws of the State of Alaska (Title X)
  - CQEs are tax exempt under relevant IRS rules
- Before being designated as a CQE, the entity must
  - Receive the support of one or more eligible communities
  - Successfully apply to NMFS (RAM) for CQE status and authorization to hold and use QS

### Obtaining Community Support

- To become a CQE, a non-profit entity must demonstrate support from the eligible community(ies) it seeks to represent
- Support is demonstrated by resolution from the community's governing body; i.e., its
  - City Council if community is a municipality, or its
  - Tribal Government if community is not a municipality, or its
  - Non-Profit Association if community is neither a municipality nor a tribe
- A community may not designate more than one non-profit entity to represent it, but
  - A non-profit entity may represent more than one eligible community

### Applying to NMFS/RAM

- When a non-profit has obtained support from one or more eligible community(ies), it applies to NMFS for CQE status; applications must (minimally) include
  - Articles of Incorporation and By-laws
  - Organizational Chart and explanation of management structure
  - Statement describing procedures that will be used to distribute annual IFQ to residents of communities represented by the corporation
  - Formal statements of support (resolutions) from governing body(ies) of eligible community(ies)

### Approving CQE Applications

- When a non-profit seeking CQE status applies, RAM will
  - Review application for completeness and accuracy
  - Ask for clarification or additional documentation
- When application is complete and accurate, RAM will provide it to the State of Alaska for a 30-day review period
  - State may ask for additional information and
  - May comment on the application to NMFS
- However, the State does not have "veto" power over an application

### Approving CQE Applications (Cont'd)

- Following comment by the State of Alaska (if any), RAM may
  - Approve the application
  - Partially approve the application (e.g., approve for only some eligible communities), or
  - Deny the application
- All denials will be recorded by a formal "Initial Administrative Determination" (IAD)
  - Each IAD will identify the issue(s), provide the background, discuss the record, and provide a detailed explanation of the determination, and
  - The IAD will also provide instructions for appealing the determination to the (NMFS) Office of Administrative Appeals

### Approving CQE Applications (Cont'd)

- Upon approval of an application, RAM will certify that
  - The non-profit entity is a designated CQE, and may act on behalf of the named community(ies), and that
  - The CQE may hold and use QS on behalf of those community(ies)
- The CQE will be issued a "Transfer Eligibility Certificate" (TEC) and will be eligible to enter QS market on behalf of its eligible community(ies)
- But certain limits and special rules for CQEs will apply

### Community/CQE QS Use Caps

- There are two types of QS Use Caps that apply, including
  1. Caps on each community's holdings, and
  2. Cumulative caps on all community holdings
- Community use caps (as held by CQEs on behalf of the communities) are same as caps under the existing program; i.e.:
  - 1% of 2C halibut QS (~600k units)
  - 0.5% of all GOA halibut QS (~1,500k units)
  - 1% of SE sablefish QS (~688k units)
  - 1% of all sablefish QS (~3,230k units)

### Community/CQE QS Use Caps (Cont'd)

- Cumulative use caps on all CQE/community QS holdings apply as follows:

• First Year:	3%
• Second Year:	6%
• Third Year:	9%
• Fourth Year:	12%
• Fifth Year:	15%
• Sixth Year:	18%
• Seventh Year:	21%
- These cap amounts will be a specific item of Council attention at 5-year program review

### Other CQE QS Purchase Limitations

- A CQE may not purchase, nor voluntarily receive by transfer, and use
  - QS from Bering Sea administrative areas
  - QS from halibut Area 3B (if on behalf of community located in Southeast Alaska)
  - QS from halibut Area 2C (if on behalf of community located in Southcentral Alaska)
  - QS in vessel category "D" (yielding IFQ for use on vessels less than 35' length over-all) in areas 2C and 3A
- If a CQE receives QS by "operation of law" contrary to above limitations, such QS may not be used (i.e., will not yield IFQ)

### Community/CQE QS Block Rules

- A CQE may not purchase, nor voluntarily receive by transfer, and use (on behalf of any community)
  - More than 10 blocks of halibut or 5 blocks of sablefish QS in any one management area
- Further, a CQE may not purchase, nor voluntarily receive by transfer, and use (on behalf of any community)
  - QS blocks in amounts small enough to be "swept up" to form larger blocks; "sweep up" amounts are fixed numbers of QS units in each area, that generally yield
    - Less than ~2,000 pounds of halibut QS
    - Less than ~5,000 pounds of sablefish QS

### Use of Community QS Held by a CQE

- QS held by a CQE on behalf of an eligible community will yield annual IFQ permit(s)
  - The size of each permit (amount of IFQ pounds it authorizes) depends on the relative amount of QS held in the pertinent administrative area and the size of the TAC; recall that:  
$$QS/QSP \times TAC = IFQ$$
- Upon receipt of its annual IFQ permit(s), the CQE may then transfer (i.e. "lease") all or part of the IFQ pounds to one or more permanent resident(s) of the community on whose behalf the QS is held

### Use of Community QS (Cont'd)

- To be eligible to lease the IFQ, a person must
  - Be a permanent resident of the community on whose behalf the CQE is leasing the IFQ,
    - A "permanent resident" is one who affirms that s/he has maintained a domicile in the community for a minimum of 12 months prior to applying to receive IFQ by transfer
  - Be an individual who is eligible to receive QS/IFQ by transfer; i.e.,
    - Be an "IFQ Crewmember" (demonstrate 150 days fishing experience), or
    - Be an individual who received QS by initial issuance

### Limitations on Leasing of IFQ

- Amount of IFQ held by lessee may not exceed 50,000 pounds of halibut or sablefish, as derived from any source
- Amount of IFQ fished from any vessel may not exceed 50,000 pounds of halibut or sablefish in any season, inclusive of all IFQ fished aboard the vessel
- Lessee must be on board while fishing and delivering (i.e., no hired skippers)
- Vessel category length restrictions do not apply to IFQ leased from CQEs

### Responsibilities of Lessee

- Hire crew (preferably local), outfit vessel, secure a market, and go fishing
- Follow all rules that apply to all other catcher vessel IFQ permit holders
  - Including accepting liability, jointly with CQE, for fishery violations
- Pay the annual fee assessed against IFQ permit holders with landings
  - Will be billed at the end of year for amount not to exceed 3% of the ex-vessel value of the IFQ delivered halibut or sablefish
  - Fees are to recover the actual costs of managing and enforcing the IFQ program

### Restrictions on Sales of Community QS

- A CQE that holds QS on behalf of a community may only sell that QS to
  - "...improve, sustain, or expand..." the opportunities for community members to participate in the IFQ fisheries; but note that
  - QS may also be transferred by "...operation of law..." or by the terms of a security agreement
- To insure that the community's interests are protected
  - an application to transfer QS from the CQE to another entity must be signed by a representative of the community

### Steps if Restrictions Violated

- Purpose(s) of proposed transfer of QS would be self-declared by community and its CQE at time of transfer
- If it is subsequently shown that the restriction was violated, NMFS would
  - Withhold issuance of the community's IFQ to the CQE, and
  - Suspend the community's ability to use QS for a period of up to three calendar years
- These would be administrative sanctions and would not be imposed until full administrative due process (notice and opportunity to be heard) had been exhausted

### CQE Annual Reporting Obligation

- Each CQE must file an Annual Report on behalf of its eligible community(ies)
- Report must be filed by January 31 of the year following the calendar year for which the report is prepared
- Copies of the report are to be submitted
  - To each eligible community on whose behalf the CQE is filing, and
  - To NMFS
- Information in the reports will be summarized and made available to the public (specifically, to the Council)

### Contents of Annual Report

- To be complete, an Annual Report must contain
  - Name(s) of vessel(s) upon which IFQ was fished
  - Names and addresses of crew members  
Description of criteria used to distribute IFQ (leases) among eligible community residents
  - Description of efforts to employ community residents as crewmembers
  - Description of process used to solicit lease applications from eligible community residents, including name(s) of all who applied
  - CQE management changes, including changes in key personnel, board members, and corporate by-laws

### Contents of Annual Report (Cont'd)

- Copies of relevant decision documents and minutes from CQE board meetings
- The contents will be augmented with information provided by NMFS, including
  - Identification of eligible community(ies)
  - Amount of QS held by CQE/community at beginning and end of calendar year
  - Amount of IFQ leased from the CQE/community
  - Name(s) and address(es) of IFQ lessee(s)
  - Number of vessels from which the community IFQ was fished

### Steps if Annual Report is Not Filed

- Failure to submit an Annual Report in a timely manner could result in
  - Withholding of annual IFQ permit(s) from the CQE and the community(ies) it represents
  - Suspending authority of CQE/community(ies) to receive additional QS by transfer or to transfer QS/IFQ it holds
  - Additional enforcement action as indicated
- As is the case with other adverse actions, these would be administrative sanctions and would not be imposed until full administrative due process (notice and opportunity to be heard) had been exhausted

### Concluding Remarks

- The Council and NMFS view this program amendment as a way to help small GOA communities to enhance their fishing economies
  - But it provides no allocation nor guarantees of success
  - Instead, it provides an opportunity
- Success of program will depend on the imagination and hard work of the communities and the organizations they form to represent them

### Conclusion

- ✓ We have discussed a Proposed Rule only; changes could well be made before the rule becomes Final
- ✓ Questions and comments on the policy issues should be addressed to the Council, in Anchorage
- ✓ Questions and comments on the rule-making process should be directed to the NMFS Sustainable Fisheries Division, in Juneau
- ✓ Questions and comments on the implementation process should be directed to NMFS, Restricted Access Management (RAM), in Juneau

### Contacts

North Pacific Fishery Management Council: Nicole Kimball  
(Anchorage local number) 271-2809  
E-mail: Nicole.Kimball@noaa.gov

NMFS, Sustainable Fisheries Division: Glenn Merrill or Jay Ginter  
1-800-304-4846 (press "3"), or  
(Juneau local number) 907-586-7228  
E-mail: Glenn.Merrill@noaa.gov

NMFS, Restricted Access Management  
Phil Smith, Tracy Buck, or Jessica Gharrett  
1-800-304-4846 (press "2"), or  
(Juneau local number) 586-7344  
E-mail: RAM.Alaska@noaa.gov

# SENATE COMMITTEE REPORT

DATE: 04/20/04

FURTHER:

DATE TURNED  
IN TO OFFICE: \_\_\_\_\_

Labor and Commerce Committee considered SENATE BILL NO. 387

## SB 387 COMMERCIAL FISHING LOANS FOR QUOTA SHARES

"An Act authorizing the making of certain commercial fishing loans to eligible community quota entities for the purchase of certain fishing quota shares; and providing for an effective date."

and recommends:

- be replaced with \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)
- adopt previous \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)
- attached amendment(s)
- adopt Letter of Intent by \_\_\_\_\_ Committee
- further referral to \_\_\_\_\_ Committee

<b>Senate Bill:</b>	
<input type="checkbox"/>	Same Title
<input type="checkbox"/>	New Title
<b>House Bill:</b>	
<input type="checkbox"/>	Same Title
<input type="checkbox"/>	Technical Title Change
<input type="checkbox"/>	New Title w/ SCR # _____

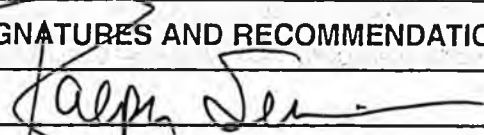
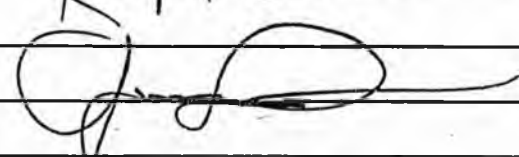
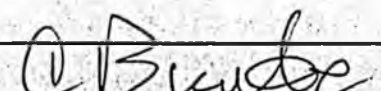
**NEW FISCAL NOTE(S):**

**PREVIOUS FISCAL NOTE(S):**

Department	Date	Fiscal	Indet.	Zero	FN#

Department	Date	Fiscal	Indet.	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
	✓			
	✓			
CHAIR: 	✓			

Frank H. Murkowski, Governor



**Office of the Commissioner**

P.O. Box 110800, Juneau, AK 99811-0800

Telephone: (907) 465-2500 • Fax: (907) 465-5442 • Text Telephone: (907) 465-5437

Email: [questions@dced.state.ak.us](mailto:questions@dced.state.ak.us) • Website: [www.dced.state.ak.us/](http://www.dced.state.ak.us/)

April 15, 2004

The Honorable Senator Con Bunde  
Chair, Labor & Commerce Committee  
Capitol Room 506  
Juneau, Alaska 99801-1182

RE: Senate Bill 387

Dear Senator Bunde:

On April 13, 2004, Senate Bill 387 Commercial Fishing Loans for Quota Shares (companion bill HB554) was introduced by the Governor and referred to Senate Community and Regional Affairs, and to your committee. Thank you for so promptly scheduling this bill for Tuesday, April 20, 2004, pending referral from Senate Community and Regional Affairs.

This legislation allows 42 communities to use the Division of Investment's loan program to purchase halibut and black cod quota shares under a National Marine Fisheries Service program known as Community Quota Entity (CQE).

Enclosed is a packet of information relating to Senate Bill 387. Please let me know if you would like additional information or if you would like to set up a meeting to discuss the particulars of this bill.

We believe this legislation will help reverse the outward migration of IFQs from rural Alaska communities, and will provide opportunities to build healthy communities and strengthen local economies.

We urge your favorable action on this bill.

Thank you very much.

Sincerely,

A handwritten signature in black ink that reads "Edgar Blatchford". The signature is written in a cursive style with a large, prominent "E" and "B".

Edgar Blatchford  
Commissioner

enclosures

*"Promoting a healthy economy and strong communities"*

Alaska Division of Investments  
Department of Community and Economic Development

Proposed Regulation Amendment

3AAC 80.055. Lending Practices. (a) If the balance of the commercial fishing revolving loan fund is not adequate to meet the anticipated loan demand for the remainder of the fiscal year, the department will, in its discretion, process loan applications in the following order:

- (1) permits;
- (2) federal tax obligations
- (3) vessel upgrade or purchase
- (4) gear;
- (5) quota shares for individuals; [and]
- (6) quota shares for community quota entities; and
- (7) refinancing as permitted under AS 16.10.310(a)(11).

**Alaska Division of Investments**  
**SB 387 Sectional Analysis**

- Section 1      Amends AS 16.10.310(a)(1) by adding subsection E that allows the department to make loans to a new class of borrowers called community quota entities (CQE) to purchase fishing quota shares. To qualify a CQE must be eligible under federal statute or regulation and must not be eligible for financing from other recognized commercial lending institutions.
- Section 2      Amends AS 16.10.320(d) to limit the dollar amount of loans a community can have outstanding at any point in time to \$2,000,000.
- Section 3      Stipulates that the act does not take effect until the federal regulations authorizing community quota entities takes effect.

Prepared by the Alaska Division of Investments  
April 9, 2003

Background

## **Community Quota Entity (CQE) Legislation:**

**HB554/SB387**

### **Commercial Fishing Loans to Eligible CQE's**

#### **Background**

- The National Marine Fisheries Service (NMFS) is expected to publish the final rule implementing Amendment 66 to the Fishery Management Plan (FMP) for groundfish in the Gulf of Alaska in May 2004.
- Amendment 66 is the outcome of a series of public meetings with the North Pacific Fishery Management Council (NPFMC) and represents a consensus on how to reverse the outward migrating of IFQs from rural Alaska communities to the Lower 48 states.
- The proposed rule would allow 42 coastal communities to be eligible purchase Individual Fishing Quotas (IFQs). These organizations would be known as Community Quota Entities (CQEs) and they would be authorized to purchase halibut and sablefish quota shares on the open market and lease these shares back to harvesters who are residents of the eligible communities.
- Communities represented by CQEs cumulatively would be limited to holding a maximum of 3 percent of the total halibut and black cod quota share in each area for the first seven years of the program up to a total of 21%.
- CQEs in Area 2C and 3A could only receive and use halibut quota share assigned to vessels greater than 35 feet and less than or equal to 60 feet (Category C) and greater than 60 feet (Category B). This provision would prohibit CQE's from holding halibut quota share assigned to vessels less than or equal to 35 feet (Category D). The Council did not recommend catcher vessel restrictions for CQEs holding sablefish quota shares as sablefish are typically harvested by larger vessels.
- The proposed rule identifies eligibility criteria, transfer restrictions and provides limited administrative oversight, however, it does not identify a funding mechanism for these communities to purchase the quota shares.

#### **Legislation**

- HB554/SB387 amends the Commercial Fishing Revolving Loan Fund (CFRLF) to allow the Department of Community & Economic Development to make loans to CQEs and in turn create a new local revenue stream. The department is currently able to make loans only to individuals to purchase quota shares.
- CQE applicants would be limited to \$2 million in outstanding loans per community.
- A down payment of 35% would be required for loans secured by quota share.