

ALASKA LEGISLATURE COMMITTEE FILES, 2003-2004

8672

11300 SENATE RESOURCES

SB

164

**SENATE COMMITTEE REPORT
First Committee of Referral**

DATE: 4/2/03

FURTHER: Finance

Date of 5-Day Notice: _____
(in accordance with Uniform Rule 23)

DATE TURNED IN TO OFFICE: 4-9-03

Resources Committee considered SENATE BILL NO. 164

SB 164 EXTEND BOARD OF STORAGE TANK ASSISTANCE

"An Act extending the termination date of the Board of Storage Tank Assistance; 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

Senate Bill:

same title

new title

House Bill:

same title

technical title

new: SCR # _____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#
DEC	4/8/03	✓		

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>Ralph Seckins</i>	✓			
<i>Ben Stumm</i>	✓			
<i>Theresa H. Warner</i>	✓			
<i>Paul Kuntz</i>	✓			
<i>Debra J. ...</i>	✓			
CHAIR: <i>Scott Ogan</i>			X	

LEGISLATIVE BUDGET & AUDIT COMMITTEE

REPRESENTATIVE RALPH SAMUELS, CHAIR

**To: Senator Scott Ogan
Chair, Senate Resources Committee**

From: Representative Ralph Samuels 

Date: April 2, 2003

RE: Hearing for Senate Bill 164

Please schedule a hearing for Senate Bill 164, "Extend Board of Storage Tank Assistance," in the Senate Resources Committee at your earliest convenience.

I have attached the following:

- **Sponsor statement**
- **Current copy of the bill**
- **Conclusion from the Legislative Audit sunset audit report (complete audit can be provided on request)**
- **Fiscal note from the companion House Bill 187**

If you have any questions, please contact Laura Achee in my office at extension 6590.

Email: Representative_Ralph_Samuels@legis.state.ak.us

**Session: Alaska State Capitol, Juneau, Alaska 99801-1182 • Phone: (907) 465-2095 Fax: (907) 465-3810
Interim: 716 W. 4th Ave., Anchorage, Alaska 99501-2133 • Phone: (907) 269-0240 Fax: (907) 269-0242**

LEGISLATIVE BUDGET & AUDIT COMMITTEE

REPRESENTATIVE RALPH SAMUELS, CHAIR

Sponsor Statement for Senate Bill 164
Extend Board of Storage Tank Assistance

Under AS 46.03.010(18), the Board of Storage Tank Assistance will sunset on June 30, 2003 unless the Legislature acts to extend the board. House Bill 187 would extend the board to June 30, 2007.

The board (BSTA) was created in 1990 to help the owners and operators of underground storage tanks (UST's) comply with state and federal regulations enacted in response to nationwide concern over possible contamination of drinking water from leaking tanks. These new regulations covered areas including the design, construction and installation of new tanks, and tightened standards for the retrofitting of existing tanks.

Board members have extensive UST knowledge and experience, allowing the board to act as a valuable liaison between the Department of Environmental Conservation and UST owner/operators. BSTA helped the DEC draft reasonable regulations and has helped owner/operators interpret and comply with regulations, saving the State the cost of seizing and cleaning up contaminated sites caused by non-compliance.

The DEC provides financial assistance to UST owner/operators, previously through grant programs, and now through a revolving loan fund, the Storage Tank Assistance Loan Fund. BSTA has been instrumental in mediating disputes between DEC and UST owner/operators over financial assistance determinations and allowable costs, helping avoid the need for formal appeals in some cases.

The Board of Storage Tank Assistance has a proven value, and it is in the best interest of UST owner/operators, the State and the general public to extend the board's sunset date for four years.

SENATE BILL NO. 164

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-THIRD LEGISLATURE - FIRST SESSION

**BY THE SENATE RULES COMMITTEE BY REQUEST OF THE LEGISLATIVE BUDGET AND AUDIT
COMMITTEE**

**Introduced: 4/2/03
Referred: Resources, Finance**

A BILL

FOR AN ACT ENTITLED

1 "An Act extending the termination date of the Board of Storage Tank Assistance; and
2 providing for an effective date."

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

4 * Section 1. AS 44.66.010(a)(18) is amended to read:

5 (18) Board of Storage Tank Assistance (AS 46.03.360) - June 30, 2007
6 [2003];

7 * Sec. 2. This Act takes effect immediately under AS 01.10.070(c).

REPORT CONCLUSIONS

In our opinion, the Board of Storage Tank Assistance (BSTA) should be reestablished. The board plays a significant role in promoting compliance throughout the State with regulations and specifications for underground storage tanks (USTs). Such compliance is important in promoting public health in that it protects underground drinking water supplies from pollution, and provides funding necessary to remediate pollution caused by leaking USTs owned and operated by private sector interests.

As an independent board, BSTA has been instrumental in mediating disputes between the Department of Environmental Conservation (DEC) and UST owners/operators. The board appeal procedures are currently more streamlined and efficient than DEC's procedures for hearing appeals, and consequently, less expensive for the State as well as for tank owners/operators. In addition, the board has been afforded the ability to be more creative and flexible in resolving issues based on the intent of the law, rather than strict adherence to regulation. This has allowed the board to apply "common sense" to appeal rulings in instances where DEC felt they were bound by the letter of the law.

During FY 01 and FY 02, the board heard two official appeals which were related to eligible cleanup grant costs. In one appeal, the board upheld DEC's denial of some disputed cleanup costs and overturned DEC's denial of others. In the second appeal, the board upheld DEC's denial of the disputed cleanup costs, but identified and corrected DEC's misinterpretation of the cleanup grant cap ceiling.

The board's executive director and chair person have been on the board since its creation in the early 1990s. Additionally, the engineer, contractor, and large tank owner seats have been held by the same individuals since the early to mid 1990s. Through the member's tenure and professional knowledge, they provide a valuable resource to not only tank owners and operators, but also to DEC at little cost to the State.

As a trusted intermediary with tank owners and operators, the board has been able to facilitate the cooperation of tank owners and operators with DEC regulations. This has been accomplished in part through the resolving of disputes and concerns on an informal basis, before they are elevated to appeal status. Facilitating compliance with DEC regulations assists in achieving the overall public policy objective, bringing UST owners/operators into compliance with regulations.

The board actively participates in the making of statutes and regulations pertaining to USTs. The board is statutorily required to adopt regulations to be used by DEC to administer the UST financial assistance program. The board reviews all DEC regulation proposals related to USTs. The board also acts as an information conduit to tank owners/operators, providing regulation explanations in terms understandable to the particular owner/operator. Without the board, these questions would fall on DEC, resulting in an increased workload for DEC employees and possibly higher costs for the State.

The board has extensive support from the UST tank owner and operator community. AUTOO has, and continues to express a fervent need to maintain BSTA.

Overall, BSTA has enhanced cooperation between tank owners/operators and DEC. The board continues to promote compliance with underground storage tank regulations and (ultimately) a safer environment through:

- Its role in hearing appeals.
- Writing financial assistance regulations.
- Reviewing and approving UST regulations.
- Being a trusted intermediary and information conduit between DEC and tank owners/operators.

In addition, the board's contribution to tank owners/operators compliance with regulations and the financial assistance program, have prevented the State from having to take over UST sites. As a result, the State has been saved from the costs of cleaning up contaminated sites.

BSTA can facilitate a smooth transition between the repeal of the cleanup grant program on June 30, 2004, and the fine-tuning of cleanup loan regulations and procedures. After these events, the only board roles left will be the hearing of disputes related to "no further action" letters, and UST regulation review and approval. At such time the continued justification for the board would be questionable.

The board is currently experiencing a downturn in activity. However, the termination of the cleanup grant program, coupled with the implementation of the new loan program, should result in an increase in activity in future years. Given the expectation of future activity, and the institutional knowledge of the board, we recommend the legislature extend the board's termination date until June 30, 2007.

ANALYSIS OF PUBLIC NEED

The following analyses of board activities relate to the public need factors defined in AS 44.66.050. These analyses are not intended to be comprehensive, but address those areas we were able to cover within the scope of our review.

Determine the extent to which the board, commission or program has operated in the public interest.

Board Resolves Disputes

One of the board's statutory duties is to hear appeals from owners and operators who disagree with DEC's financial assistance determinations. The board had adopted regulations on the appeal process. Once an appeal is requested, regulations require a hearing to be held at the next scheduled board meeting, and a decision to be issued within ten days.

The board is in compliance with regulations. The board heard two appeals in the last two years. Both of these were related to eligibility of cleanup costs. In one appeal, the board ruling provided satisfaction to both DEC and the appellant by allowing some of the costs, and upholding the disallowance of other disputed costs.

In the second appeal, the board upheld DEC's disallowance of the disputed costs. Through the appeal process, the board was made aware of an issue which effected many grantees. DEC was considering the cleanup grant cap to effectively be \$225,000 (\$250,000 less \$25,000 out-of-pocket costs). The board disagreed, and stated that the statute indicated that \$250,000 in grant funds should be available. While the board disallowed the costs being disputed, they made available additional grant funds for other allowable cleanup costs of the appellant.

According to the board, it has worked with multiple UST owners and operators who have disagreed with DEC's actions, but due to the board's intervention, did not request an appeal. Often an explanation or clarification of procedures by the board's executive director has eliminated the need for a formal appeal. The executive director estimates that approximately four to five potential appeals were averted in the prior year.

Information provided to interested parties

The board utilizes several mediums to ensure that owners and operators are informed of federal and state regulations.

- The board, when applicable, contributes articles to DEC's newsletter *Alaska Tank News*. Articles address board activities or changes in regulations or policies. This newsletter is distributed to tank owners and operators, and is available on DEC's website.

SB

185

SENATE COMMITTEE REPORT First Committee of Referral

DATE: 4/11/03

FURTHER:

Date of 5-Day Notice: _____
(in accordance with Uniform Rule 23)

DATE TURNED
IN TO OFFICE: 5-7-03

Resources Committee considered SENATE BILL NO. 185

SB 185 ROYALTY REDUCTION ON CERTAIN OIL

"An Act providing for a reduction of royalty on certain oil produced from Cook Inlet submerged land."

and recommends:

be replaced with _____ CS SB 185 (RES)

adopt previous _____ CS _____ (_____)

attached amendment(s)

adopt Letter of Intent by _____ Committee

further referral to _____ Committee

Senate Bill:

same title

new title

House Bill:

same title

technical title

new: SCR # _____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#
DNR	5/7/03	✓		

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	Do PASS	Do NOT PASS	NO REC	AMEND
<i>K. J. ...</i>			✓	
<i>Paul ...</i>			✓	
<i>...</i>			✓	
<i>...</i>	✓			
<i>...</i>	✓			
<i>...</i>	✓			
CHAIR: <i>Scott ...</i>	✓			

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: CSSB 185(RES)
(S) Publish Date: 5/7/03

Revision Date/Time (Note if correction): 5/7/2003 Dept. Affected: Natural Resources
Title: Royalty Reduction on Certain Oil BRU: Resource Development
Component: Oil and Gas Development
Sponsor: Wagoner
Requester: Senate Resources Component No. 439

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES (1004)	(220.9)	(358.5)	(591.4)	(589.5)	(561.5)	(485.1)
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FUND SOURCE (Thousands of Dollars)

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

Estimate of any current year (FY2003) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

SB 185 amends AS 38.05.180(f)(5) to permit reduced royalty rates to as low as 5 percent for oil production from submerged lands in Cook Inlet. This royalty reduction would apply primarily to oil produced from offshore platforms and is tied to the daily rate of oil production. While SB 185 will result in a net loss in state revenues, it is expected to extend the field or platform life, thereby increasing future field or platform production and revenues in the out-years beyond what is likely to occur otherwise. Cumulative estimated net royalty revenue lost over the six-year forecast horizon FY 2004-09 is estimated to be (\$2,807) thousand or about (\$468) thousand per year (undiscounted). These estimates include cumulative undiscounted royalty revenue benefits of about \$800 thousand (\$570 thousand when discounted) from field-life extension that could arise as a result of royalty relief of the type offered in SB 185. These fiscal impacts do not consider the broader employment and regional economic effects from extended platform life. Also, field-life extension also provides an opportunity for additional exploration from existing platforms.

Prepared by: Mark D. Myers Phone 269-8802
Division: Oil and Gas Date/Time 5/7/2003
Approved by: Tom Irwin, Commissioner Date 5/7/2003
Agency: Natural Resources

FISCAL NOTE #1

STATE OF ALASKA
2003 LEGISLATIVE SESSION

BILL NO. CSSB 185(RES)

ANALYSIS CONTINUATION

SB 185 recognizes two broad groups of platforms, distinguished primarily by economic attributes associated with the degree of water handling and water injection. Platforms with major water handling and/or injection include: Dolly, Grayling, King Salmon, Steelhead, and Monopod. When oil production on these platforms falls below 1,200 barrels of oil per day (BPD) for at least one calendar quarter as certified by AOGCC, then the royalty percentage associated with that production would fall from whatever rate applies under the lease to a rate of 5 percent "for as long as the volume of oil produced from the platform remains less than 1,200 barrels a day." If average production from the field or platform that had declined below 1,200 BPD rises above this threshold for a period of at least one calendar quarter, then the bill provides for a schedule of up-ward royalty adjustments to production beyond the one-quarter term.

Platforms that do not presently employ substantial water handling and/or injection include: Granite Point, Anna, Bruce, Baker, Dillon, XTO.A and XTO.C. SB 185 provides for 750 barrels of oil per day as the economic limit rate of production for this group of platforms that would trigger royalty reduction from whatever rate applies under the lease to 5 percent. Royalty percentage upward adjustments, similar to those described under the 1,200 BPD threshold apply when oil production recovers for a sustained period of at least one calendar quarter. Note, the 750 BPD economic-limit rate of production also, applies to the West McArthur River field.

Over the past three-to-four decades, fifteen offshore, oil-production platforms have facilitated oil and gas operations in six offshore oil fields in the Cook Inlet Basin. Oil production on most of these platforms began around 1965-to-1967. The Osprey Platform, owned by Forest Oil, started continuous oil production in December 2002. Oil production from the Spark and Spurr platforms was shut-in in January 1992 and July 1992, respectively. The Dillon Platform, which served the Middle Ground Shoal oil field since September 1967, was shut-in by Unocal in January 2003. At present, twelve platforms support oil-production operations in the Cook Inlet Basin.

Three of the twelve active platforms currently produce oil at daily rates below the 750 barrels of oil per day (BPD) threshold contained in SB 185. These platforms, and the dates that corresponding production fell below 750 BPD are:

Platform	Field	Operator	Gross Production FY2002 / FY2003 (BPD)	Date Production falls below 750 BPD
Bruce	Granite Point	Unocal	619 / 476	July 1987
Dillon	Middle Ground Shoal	Unocal	423 / 374	March 1987
Baker	Middle Ground Shoal	Unocal	723 / 558	June 2002

The royalty revenue loss to the state would be approximately \$1.03 million FY 2002 and \$0.9 million in FY 2003 had SB 185 been in effect during these periods.

FISCAL NOTE #1

STATE OF ALASKA
2003 LEGISLATIVE SESSION

BILL NO.

CSSB 185(RES)

ANALYSIS CONTINUATION

Several platforms would be expected to trigger royalty relief under SB 185 during the FY2004 – FY2009 forecast horizon. If the rates of platform production continue to follow the historic patterns of decline, then the rate of production is expected to fall below 1,200 BPD for the King Salmon Platform in August 2004 and Steelhead in April 2005; platform production for XTO.C is expected to fall below 750 BPD in May 2007, as indicated in the following table:

Platform	Field	Operator	Gross Production (BPD) FY2002 / FY2003	Expected Date Production falls below	
				<u>750 BPD</u>	<u>1,200 BPD</u>
King Salmon	McArthur River	Unocal	7,468 / 3,891		Aug 2004
Steelhead	McArthur River	Unocal	1,914 / 1,584		April 2005
XTO.C	Middle Ground Shoal	XTO	1,047 / 1,099	May 2007	

The Dillon platform was shut-in in January 2003 and Baker is subject to imminent shut-in based on representations made by Unocal. These platforms are assumed to be shut-in for purposes of the forward fiscal impact analysis. The value of Cook Inlet crude oil in future years is assumed to be \$20.00 per barrel. The estimated cumulative gross royalty revenue loss is (\$3.6) million undiscounted over the six-year forecast period (equals (\$2.8) million when discounted at 8% per year), based on the difference between expected royalty revenue with and without the provisions contained in SB 185, not counting potential incremental production from extended field or platform life. When the cash-flow impact of royalty reduction under SB 185 is taken into account, delayed platform shut-in is expected for four platforms (including Bruce, described above) during the forecast horizon. The shut-in deferment would range between 2 and 14 months for a given platform. The resulting shut-in delays would generate between 500-to-700 thousand barrels of total incremental production (includes working-interest and royalty), of which approximately one-third would occur in the FY 2005-06 timeframe. The remainder of incremental production would occur during FY 2008-09 and beyond. The cumulative, upside royalty impact of the expected incremental production would range between \$400-to-\$800 thousand, depending on assumptions regarding threshold rates of production, discounting, and timing of ultimate platform shut-in.

Taking all short- and long-run factors into consideration, the overall royalty revenue impact of SB 185 would be approximately (\$2.8) million [(\$3.6) million in royalty foregone plus about \$0.8 million in royalty gain from extended platform life] or about (\$468) thousand per year (net) over the six-year period, FY 2004-2009. Note that these fiscal impacts do not consider the broader employment and regional economic effects from extended platform life.



SENATOR SCOTT OGAN Alaska State Legislature

Senate District H Lazy Mountain * Butte * Chugiak * Peters Creek
Knik-Goose Bay * Big Lake * Houston * Willow * Talkeetna * Trapper Creek

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Senator_Scott_Ogan@legis.state.ak.us

Http://www.akrepublicans.org/ogan

FACSIMILE TRANSMITTAL SHEET

TO: Jack Chenoweth FROM: Linda Hay - Senate Resources
 COMPANY: Leglegal DATE: 5-6-03
 FAX NUMBER: TOTAL NO. OF PAGES INCLUDING COVER: 2
 PHONE NUMBER: RE: Final for SB185

- URGENT
- FOR REVIEW
- PLEASE COMMENT
- PLEASE REPLY
- PLEASE RECYCLE

NOTES/COMMENTS:

CSSB 185 (RES)
 23-L.S0926 \ H Chenoweth. 5/6/03
 Passed out of Senate Resources
 this afternoon - we also
 conceptually adopted your
 memo + agreed to allow the drafter
 latitude to correct the language
 you highlighted - the sponsor / Dir of O+G
 + committee agreed on choice
 two.
 Thank you.

LEGAL SERVICES

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MEMORANDUM

May 6, 2003

SUBJECT: Draft CSSB 185(Resources) (Work Order No. 23-LS0926\H)

TO: Senator Scott Ogan
Senate Resources Committee Chair

FROM: Jack Chenoweth
Assistant Revisor of Statutes 

Per request of Linda Hay, in three places "on and after the *day*" has been changed to "on and after the *month*". "On . . . the month" is a somewhat ambiguous construction. Would it not be clearer if the phrase, instead, read "During and after the month" (to pick up all production for the month in which the increased production exceeds the limits) or, alternatively, "On and after the first day of the month following the month" (to pick up all production commencing with the first of the month following the month in which the increased production exceeded the limits)?

Please check with the bill sponsor: his staff had indicated in a recent conversation that the reference on page 4, line 24, should be to "choke-back *factors*" [plural, not singular as in the previous "D" draft], and I have incorporated that change into this draft.

JBC:med
03-491.med

23-LS0926AH

Chenoweth

5/6/03

CS FOR SENATE BILL NO. 185(RES)
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-THIRD LEGISLATURE - FIRST SESSION

BY THE SENATE RESOURCES COMMITTEE

Offered:
Referred:

Sponsor(s): SENATOR WAGONER

A BILL

FOR AN ACT ENTITLED

1 "An Act providing for a reduction of royalty on certain oil produced from Cook Inlet
2 submerged land."

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

4 * **Section 1.** AS 38.05.180(f) is amended by adding a new paragraph to read:

5 (6) notwithstanding and in lieu of a requirement in the leasing method
6 chosen of a minimum fixed royalty share, or the royalty provision of a lease, for leases
7 unitized as described in (p) of this section, leases subject to an agreement described in
8 (s) or (t) of this section, or interests unitized under AS 31.05, the lessee of all or part of
9 an oil field located offshore in Cook Inlet on which an oil production platform
10 specified in (A) or (C) of this paragraph operates, or the lessee of all or part of the
11 field located offshore in Cook Inlet and described in (E) of this paragraph,

12 (A) shall pay a royalty of five percent on oil produced from the
13 platform if oil production that equaled or exceeded a volume of 1,200 barrels a
14 day declines to less than that amount for a period of at least one calendar

1 quarter, as certified by the Alaska Oil and Gas Conservation Commission, for
2 as long as the volume of oil produced from the platform remains less than
3 1,200 barrels a day; the provisions of this subparagraph apply to

- 4 (i) Dolly;
- 5 (ii) Grayling;
- 6 (iii) King Salmon;
- 7 (iv) Steelhead; and
- 8 (v) Monopod;

9 (B) shall pay a royalty calculated under this subparagraph if the
10 volume of oil produced from the platform that was certified by the Alaska Oil
11 and Gas Conservation Commission under (A) of this paragraph later increases
12 to 1,200 or more barrels a day and remains at 1,200 or more barrels a day for a
13 period of at least one calendar quarter; until the royalty rate determined under
14 this subparagraph applies, the royalty continues to be calculated under (A) of
15 this paragraph; on and after the month the increased production exceeds the
16 period specified in this paragraph, the royalty payable under this subparagraph
17 is

- 18 (i) for production of at least 1,200 barrels a day but not
19 more than 1,300 barrels a day - seven percent;
- 20 (ii) for production of more than 1,300 barrels a day but
21 not more than 1,400 barrels a day - 8.5 percent;
- 22 (iii) for production of more than 1,400 barrels a day but
23 not more than 1,500 barrels a day - 10 percent; and
- 24 (iv) for production of more than 1,500 barrels a day -
25 12.5 percent;

26 (C) shall pay a royalty of five percent on oil produced from the
27 platform if oil production that equaled or exceeded a volume of 750 barrels a
28 day declines to less than that amount for a period of at least one calendar
29 quarter, as certified by the Alaska Oil and Gas Conservation Commission, for
30 as long as the volume of oil produced from the platform remains less than 750
31 barrels a day; the provisions of this subparagraph apply to

- 1 (i) Granite Point;
2 (ii) Anna;
3 (iii) Bruce;
4 (iv) Baker;
5 (v) Dillon;
6 (vi) XTO.A; and
7 (vii) XTO.C;

8 (D) shall pay a royalty calculated under this subparagraph if the
9 volume of oil produced from the platform that was certified by the Alaska Oil
10 and Gas Conservation Commission under (C) of this paragraph later increases
11 to 750 or more barrels a day and remains at 750 or more barrels a day for a
12 period of at least one calendar quarter; until the royalty rate determined under
13 this subparagraph applies, the royalty continues to be calculated under (C) of
14 this paragraph; on and after the month the increased production exceeds the
15 period specified in this paragraph, the royalty payable under this subparagraph
16 is

- 17 (i) for production of at least 750 barrels a day but not
18 more than 850 barrels a day - seven percent;
19 (ii) for production of more than 850 barrels a day but
20 not more than 1,000 barrels a day - 8.5 percent;
21 (iii) for production of more than 1,000 barrels a day but
22 not more than 1,200 barrels a day - 10 percent; and
23 (iv) for production of more than 1,200 barrels a day -
24 12.5 percent;

25 (E) shall pay a royalty of five percent on oil produced from the
26 field if oil production that equaled or exceeded a volume of 750 barrels a day
27 declines to less than that amount for a period of at least one calendar quarter,
28 as certified by the Alaska Oil and Gas Conservation Commission, for as long
29 as the volume of oil produced from the field remains less than 750 barrels a
30 day; the provisions of this subparagraph apply to the West McArthur River
31 field;

1 (F) shall pay a royalty calculated under this subparagraph if the
2 volume of oil produced from the field that was certified by the Alaska Oil and
3 Gas Conservation Commission under (E) of this paragraph later increases to
4 750 or more barrels a day and remains at 750 or more barrels a day for a period
5 of at least one calendar quarter; until the royalty rate determined under this
6 subparagraph applies, the royalty continues to be calculated under (E) of this
7 paragraph; on and after the month the increased production exceeds the period
8 specified in this paragraph, the royalty payable under this subparagraph is

9 (i) for production of at least 750 barrels a day but not
10 more than 850 barrels a day - seven percent;

11 (ii) for production of more than 850 barrels a day but
12 not more than 1,000 barrels a day - 8.5 percent;

13 (iii) for production of more than 1,000 barrels a day but
14 not more than 1,200 barrels a day - 10 percent; and

15 (iv) for production of more than 1,200 barrels a day -
16 12.5 percent; and

17 (G) may obtain the benefits of the royalty adjustments set out
18 in (A) - (D) of this paragraph only if the reduction in production from the
19 platform, or as set out in (E) and (F) of this paragraph only if the reduction of
20 production from the field, is calculated

21 (i) based on the average daily production during the
22 calendar quarter based on reservoir conditions; and

23 (ii) without consideration of short-term production
24 declines due to mechanical or other choke-back factors, temporary
25 shutdowns or decreased production due to environmental or facility
26 constraints, or market conditions.



ALASKA STATE LEGISLATURE

SENATOR THOMAS H. WAGONER

CHAIR, SENATE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE

VICE-CHAIR, SENATE RESOURCES COMMITTEE

Explanation of Amendment to SB 185 – Exploration Severance Tax Credit

Alaska's revenues are dependant on the oil & gas industry – they generate most of the revenues we need to pay for services.

However, our recent data clearly shows that we are losing ground in the world market– the number of wells drilled annually in Alaska has decreased dramatically. Only 4 new exploratory wells are planned for Alaska next winter. A primary reason for that decrease is related to the costs of exploration in Alaska, costs that range from 5 cents per dollar in Azerbaijan to 65 cents on the dollar in Alaska.

The mechanism the State of Alaska has to bring those costs of exploration into line with other areas, to be more competitive in the world market, is to offer tax credits to the industry.

This amendment puts on the table for discussion, credits that will enable the oil and gas industry the opportunity to make investment decisions in Alaska so that we will benefit from the increased activity.

The amendment:

- Provides a tax credit of 20% for exploration in an area that is more than 3 miles from an existing well or a previously produced well.
- Provides a tax credit of 40% if it is more than 25 miles from an existing production cent and 40% for seismic activity outside of boundaries of existing production unit or exploration unit boundary
- Work must be accomplished between July 1, 2003 and June 30, 2007

SB 185 (S-FIN) 5-12-03: mj



SENATOR SCOTT OGAN Alaska State Legislature

Senate District H Lazy Mountain * Butte * Chugiak * Peters Creek

Knik-Goose Bay * Big Lake * Houston * Willow * Talkeetna * Trapper Creek

State Capitol, Room 103, Juneau Alaska 99801 * (907) 465-3878 * 1 (800) 862-3878 * Fax (907) 465-3265

Senator_Scott_Ogan@legis.state.ak.us

Http://www.akrepublicans.org/ogan

FACSIMILE TRANSMITTAL SHEET

TO: <i>Frank Chenoweth</i>	FROM: <i>Linda Hay</i>
COMPANY:	DATE: <i>5-6-03</i>
FAX NUMBER:	TOTAL NO. OF PAGES INCLUDING COVER: <i>2</i>
PHONE NUMBER:	RE: <i>Res CS SB 125</i>

- URGENT
- FOR REVIEW
- PLEASE COMMENT
- PLEASE REPLY
- PLEASE RECYCLE

NOTES/COMMENTS:

Frank - would you please prepare a Senate Resources CS for SB 125 - use version - 23-LS0926VD with the attached amendment. We will be hearing this bill @ 4pm via special meeting.

Thank You

Sorry for the chat notice

Amendment #

OFFERED IN THE SENATE BY: Senator Tom Wagoner

**To: Work Draft CSSB 185 Version\D: ROYALTY REDUCTION
ON CERTAIN OIL**

- 1 Page 2, line 15:
- 2 Delete "day"
- 3 Insert "month"
- 4
- 5 Page 3, Line 14:
- 6 Delete "day"
- 7 Insert "month"
- 8
- 9 Page 4, Line 7:
- 10 Delete "day"
- 11 Insert "month"

23-LS0926D
Chenoweth
5/5/03

CS FOR SENATE BILL NO. 185()
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-THIRD LEGISLATURE - FIRST SESSION

BY

Offered:
Referred:

Sponsor(s): SENATOR WAGONER

A BILL
FOR AN ACT ENTITLED

1 "An Act providing for a reduction of royalty on certain oil produced from Cook Inlet
2 submerged land."

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

4 * Section 1. AS 38.05.180(f) is amended by adding a new paragraph to read:

5 (6) notwithstanding and in lieu of a requirement in the leasing method
6 chosen of a minimum fixed royalty share, or the royalty provision of a lease, for leases
7 unitized as described in (p) of this section, leases subject to an agreement described in
8 (s) or (t) of this section, or interests unitized under AS 31.05, the lessee of all or part of
9 an oil field located offshore in Cook Inlet on which an oil production platform
10 specified in (A) or (C) of this paragraph operates, or the lessee of all or part of the
11 field located offshore in Cook Inlet and described in (E) of this paragraph,

12 (A) shall pay a royalty of five percent on oil produced from the
13 platform if oil production that equaled or exceeded a volume of 1,200 barrels a
14 day declines to less than that amount for a period of at least one calendar

1 quarter, as certified by the Alaska Oil and Gas Conservation Commission, for
2 as long as the volume of oil produced from the platform remains less than
3 1,200 barrels a day; the provisions of this subparagraph apply to

4 (i) Dolly;

5 (ii) Grayling;

6 (iii) King Salmon;

7 (iv) Steelhead; and

8 (v) Monopod;

9 (B) shall pay a royalty calculated under this subparagraph if the
10 volume of oil produced from the platform that was certified by the Alaska Oil
11 and Gas Conservation Commission under (A) of this paragraph later increases
12 to 1,200 or more barrels a day and remains at 1,200 or more barrels a day for a
13 period of at least one calendar quarter; until the royalty rate determined under
14 this subparagraph applies, the royalty continues to be calculated under (A) of
15 this paragraph; on and after the day the increased production exceeds the
16 period specified in this paragraph, the royalty payable under this subparagraph
17 is

18 (i) for production of at least 1,200 barrels a day but not
19 more than 1,300 barrels a day - seven percent;

20 (ii) for production of more than 1,300 barrels a day but
21 not more than 1,400 barrels a day - 8.5 percent;

22 (iii) for production of more than 1,400 barrels a day but
23 not more than 1,500 barrels a day - 10 percent; and

24 (iv) for production of more than 1,500 barrels a day -
25 12.5 percent;

26 (C) shall pay a royalty of five percent on oil produced from the
27 platform if oil production that equaled or exceeded a volume of 750 barrels a
28 day declines to less than that amount for a period of at least one calendar
29 quarter, as certified by the Alaska Oil and Gas Conservation Commission, for
30 as long as the volume of oil produced from the platform remains less than 750
31 barrels a day; the provisions of this subparagraph apply to

- 1 (i) Granite Point;
2 (ii) Anna;
3 (iii) Bruce;
4 (iv) Baker;
5 (v) Dillon;
6 (vi) XTO.A; and
7 (vii) XTO.C;

8 (D) shall pay a royalty calculated under this subparagraph if the
9 volume of oil produced from the platform that was certified by the Alaska Oil
10 and Gas Conservation Commission under (C) of this paragraph later increases
11 to 750 or more barrels a day and remains at 750 or more barrels a day for a
12 period of at least one calendar quarter; until the royalty rate determined under
13 this subparagraph applies, the royalty continues to be calculated under (C) of
14 this paragraph; on and after the day the increased production exceeds the
15 period specified in this paragraph, the royalty payable under this subparagraph
16 is

- 17 (i) for production of at least 750 barrels a day but not
18 more than 850 barrels a day - seven percent;
19 (ii) for production of more than 850 barrels a day but
20 not more than 1,000 barrels a day - 8.5 percent;
21 (iii) for production of more than 1,000 barrels a day but
22 not more than 1,200 barrels a day - 10 percent; and
23 (iv) for production of more than 1,200 barrels a day -
24 12.5 percent;

25 (E) shall pay a royalty of five percent on oil produced from the
26 field if oil production that equaled or exceeded a volume of 750 barrels a day
27 declines to less than that amount for a period of at least one calendar quarter,
28 as certified by the Alaska Oil and Gas Conservation Commission, for as long
29 as the volume of oil produced from the field remains less than 750 barrels a
30 day; the provisions of this subparagraph apply to the West McArthur River
31 field;

1 (F) shall pay a royalty calculated under this subparagraph if the
2 volume of oil produced from the field that was certified by the Alaska Oil and
3 Gas Conservation Commission under (E) of this paragraph later increases to
4 750 or more barrels a day and remains at 750 or more barrels a day for a period
5 of at least one calendar quarter; until the royalty rate determined under this
6 subparagraph applies, the royalty continues to be calculated under (E) of this
7 paragraph; on and after the day the increased production exceeds the period
8 specified in this paragraph, the royalty payable under this subparagraph is

9 (i) for production of at least 750 barrels a day but not
10 more than 850 barrels a day - seven percent;

11 (ii) for production of more than 850 barrels a day but
12 not more than 1,000 barrels a day - 8.5 percent;

13 (iii) for production of more than 1,000 barrels a day but
14 not more than 1,200 barrels a day - 10 percent; and

15 (iv) for production of more than 1,200 barrels a day -
16 12.5 percent; and

17 (G) may obtain the benefits of the royalty adjustments set out
18 in (A) - (D) of this paragraph only if the reduction in production from the
19 platform, or as set out in (E) and (F) of this paragraph only if the reduction of
20 production from the field, is calculated

21 (i) based on the average daily production during the
22 calendar quarter based on reservoir conditions; and

23 (ii) without consideration of short-term production
24 declines due to mechanical or other choke-back ~~factor~~ temporary
25 shutdowns or decreased production due to environmental or facility
26 constraints, or market conditions.



ALASKA STATE LEGISLATURE

SENATOR THOMAS H. WAGONER
CHAIR, SENATE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE
VICE-CHAIR, SENATE RESOURCES COMMITTEE

DATE: April 17, 2003

TO: Senator Scott Ogan, chair
Senate Resources Committee

FROM: Senator Tom Wagoner

A handwritten signature in dark ink, appearing to read "Tom Wagoner", written over the printed name.

RE: SB 185 Hearing Request

I respectfully request that you schedule this bill for hearing at your earliest convenience. This is an issue of importance to my district and it needs to pass this legislative session.

I am attaching information for your bill packet.

Thank you for your time and consideration.



ALASKA STATE LEGISLATURE

SENATOR THOMAS H. WAGONER

CHAIR, SENATE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE

VICE-CHAIR, SENATE RESOURCES COMMITTEE

SPONSOR STATEMENT

SB – 185: ROYALTY REDUCTION ON CERTAIN OIL

SB 185 amends statutes to provide for reduction of royalty on oil produced in certain Cook Inlet fields and platforms as they near the end of their production capability.

The intent of the legislation is to provide a monetary incentive in the form of royalty relief to maximize production from old fields and extend the longevity of Cook Inlet oil platforms.

In return, there is continued employment in the area rather than a loss of jobs due to abandonment of the fields.

There is also more production than would otherwise be realized because the fields will have become more economical due to the reduced costs. That results in more oil production than would have originally been realized, and subsequently more unexpected royalty revenues, even at a reduced rate.

Encouraging production in these marginal fields will extend their life by a minimum of 18 to 24 months – a considerable extension of employment opportunities in the Cook Inlet basin.

SS SB 185 S(RES) 4-20-03 mj



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Growing Alaska Through Responsible Resource Development

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May 5, 2003

Senator Scott Ogan, Chair
Senate Resources Committee
Alaska State Capitol
Juneau, Alaska 99801-1182

Re: Senate Bill 185 — Royalty Reduction on Certain Oil

Dear Senator Ogan:

On behalf of the Resource Development Council for Alaska, Inc. (RDC), I am writing in support of SB185 — Royalty Reduction on Certain Oil. RDC is a private, non-profit, business association representing individuals and companies from Alaska's oil and gas, mining, timber, tourism and fisheries industries. Our mission is to help grow Alaska's economy through the responsible development of the state's natural resources. SB185 encourages development of Alaska's resources while protecting the interests of the State. The bill deserves your committee's strong support, and we urge you to move it forward.

As you are well aware, many of the oil fields in Cook Inlet have begun to reach the threshold of economic productivity. UNOCAL's recent decision to close two of its Cook Inlet platforms is evidence of this trend. Because the Cook Inlet basin is a maturing oil province, it is appropriate for the State to consider incentives designed to prolong the life of existing fields, protect critical infrastructure and encourage opportunities for future investment. SB185 addresses each of these goals.

SB185 creates a royalty reduction schedule triggered by specific production volume levels — 1,200 barrels per day and 750 barrels per day depending upon the field. By establishing a fixed royalty reduction schedule this legislation provides operators with an economic incentive that is predictable, simple and can be put into place quickly. In other words, it is something companies can count on when making investment decisions. The bill also protects the State by increasing the royalty rate if production from a participating field subsequently increases above either 750 or 1,200 barrels per day.

If passed this bill will generate a host of benefits. Most importantly SB185 will add one to three years of life to several Cook Inlet oil fields. Extended life for

MAY - 8 2003

these fields will in turn prolong the utility of critical infrastructure and offset the State's reduced royalty share. It is important to note that maintaining Cook Inlet's existing infrastructure may facilitate future exploration, development and production of currently undiscovered reserves. At a community level SB185 will delay workforce reductions and help maintain the region's property tax base.

Thank you for considering our position on this important piece of legislation. Please feel free to contact me with any questions.

Sincerely,

RESOURCE DEVELOPMENT COUNCIL
for Alaska, Inc.

A handwritten signature in black ink that reads "Tadd Owens". The signature is written in a cursive, flowing style.

Tadd Owens
Executive Director

Union Oil Company of California
Testimony on SB 185
Senate Resources Committee
May 7, 2003

Mr. Chairman and members of the Senate Resources Committee--My name is Kevin A. Tabler, Manager of Land and Govt. Affairs for Union Oil Company of California (Unocal) in Alaska. I appreciate this opportunity to be heard today and to present a few comments regarding Senate Bill 185. As I have previously testified in House Committee hearings, we are encouraged with the positive atmosphere and efforts made by the Legislature and Administration to craft legislation to encourage further exploration and development and to protect our states most prolific revenue generating industry. We appreciate your consideration of SB 185 which specifically targets those endangered Cook Inlet oil fields and platforms which are rapidly approaching their economic life.

Unocal is the predominant operator in Cook Inlet and where our infrastructure base and manpower are best defined. It's also a place where our infrastructure, manpower and capital investments are continually threatened by internal global competition for investment dollars. For the last several years, Unocal has consolidated and restructured its Alaskan operations and focused on becoming the safest lowest cost producer in Cook Inlet. We have, either through purchase and/or exchange of properties, positioned ourselves to have the most cost effective operation possible. The Cook Inlet, with its mature and declining fields, low margin properties, high operating costs and regulatory uncertainty, is a challenging environment in which to stay profitable, let alone risk capital. Cost cutting in and of itself is only a temporary fix. The only sustainable solution to longevity is to increase the reserve base.

Although SB 185 will not necessarily increase the reserve base of a field or platform, it will extend economic viability and prolong the utility of the existing infrastructure, leading to the ultimate recovery of more reserves and have an offsetting effect on any reduction awarded. Equally as important is the possibility for royalty reduction to increase the attractiveness for making additional investment in a field which might lead to an increase in the overall recoverable reserve base of that field.

One thing is certain, if the economic viability of the field or platform is left unchecked, shutdown will be accelerated and lead to a lower tax base, unemployment and loss of monetary cycling throughout a community. Such events are beginning to occur with Unocal's recent announcement to suspend production on the Dillon Platform. Layoff's have occurred and it is a short period of time before additional platforms will be suspended.

With mature fields, such as those in Cook Inlet, when royalty relief is justifiable and needed, the volumes of production and corresponding royalty associated

therewith are such that life extension of the facility and that facilities importance to the overall infrastructure is the primary benefit. If you wait until the field is truly uneconomic to qualify, there is little benefit to the state or the producer since royalty relief does not generate enough revenue to significantly extend field life but merely prolong the inevitable.

In reviewing the language of this bill, we appreciate the recognition that different platforms and fields have different thresholds for economic viability. Although each platform is different, we must not lose sight of the overall economics of the Cook Inlet. These economics are extremely sensitive, not only to price but, to the impact of cost sharing. As each platform or facility becomes uneconomic, the remaining facilities must absorb more of the overall costs of the Cook Inlet operation. Such additional costs place an increased burden on the remaining facilities and therefore shorten their life. The time to get relief is when you are still economic and there is potential to extend field life by investing more capital or expense dollars to increase production, or implement systematic process changes if necessary in an operation. With such an extension you have the ancillary benefits of jobs, taxes and the multiplying effect of money in a community. With royalty reduction, it truly is a case of sooner is better than later.

SB 185 is a very specific, clear, concise, automatic and easily understood and administered vehicle for delaying the inevitable elimination of jobs, extending the life of critical infrastructure which will support future development and exploration projects and creating certainty around investment strategies for producers.

In conclusion, we believe the necessity for and utility of SB 185 is well overdue in Cook Inlet and therefore encourage passage out of this committee. I'd be happy to answer any questions

Thank You

TESTIMONY
Larry Houle
Alaska Support Industry Alliance
Before
Senate Resources
Re: SB 185, "An Act providing for a reduction of royalty
on certain oil produced from Cook Inlet submerged land"

Mr. Chairman and members of the Committee my name is Larry Houle and I am the General Manager of the Alaska Support Industry Alliance more widely known as The Alliance. The Alliance is a non-profit state-wide trade association with chapters in Anchorage, Fairbanks and Kenai. The Alliance is comprised of over 420 member companies who derive their livelihood from Alaska's Oil and Gas industry. The employment base represented by Alliance membership exceeds is over 25,000 Alaska residents.

As the oil fields in Cook Inlet approach the end of their economic life certain steps can and need to be taken to extend field life and maximize the irreplaceable infrastructure that is in place to serve these fields. Extended facility life can and will facilitate exploration, discovery and development of undiscovered reserves. SB 185 is designed to encourage continued production and maintenance of these facilities by reducing the royalty from 12.5% to 5% on oil produced from these platforms as they approach their economic limits.

Reducing royalties under these special circumstances may extend production by one to three years. Although the royalty percentage will be reduced, actual royalties received over time will more than compensate and make up for losses. Representing the Contracting community that employs hundreds of Alaskans that work in the oil patch we believe this to be the proper role of government and this legislature.

Extended production will delay the loss of jobs in those communities adjacent Cook Inlet. In addition, local municipalities where the platforms reside will benefit from continued property taxes. SB 185 triggers royalty reduction only at specific production volume levels – the bill has been thoughtfully crafted to provide predictable and timely royalty reduction to allow operators to plan maintenance and staffing to extended field life. The State's interests are further protected as the bill identifies those specific platforms eligible for royalty reduction and defines the daily volume where reduction will occur. The bill provides for a graduated scale for royalty rate increases should production rates increase above specific levels.

Clearly, the metaphor one-half a loaf of bread is better than no loaf applies to SB 185. Passage of this legislation is in the best interest of the state, local communities and most of all the many Alaskan families that rely on Cook Inlet oil production for their livelihood.

Speaking on behalf of the 420 company members that make up the Alaska Support Industry Alliance we encourage House Resources Committee to move the bill forward for further action by the full House.

Sincerely,

Larry Houle
General Manager
Alaska Support Industry Alliance

Testimony HB 198
May 9, 2003

My name is Gary Carlson. I am Senior Vice President for Forest Oil Corporation, a major investor in the Cook Inlet these past 5 years.

My testimony on HB 198 will focus on the maintenance of critical and scarce infrastructure associated with the mature oil fields in the Cook Inlet. The platforms, associated pipelines, and related onshore facilities represent irreplaceable infrastructure which may facilitate the exploration, discovery and development of as yet undiscovered reserves if their useful lives can be extended. Any delay in abandoning or decommissioning of this infrastructure will provide opportunities to the industry to develop smaller scale oil and gas prospects that won't stand the economics if new infrastructure needed to be developed.

As the mature fields approach their economic life, the operators need to get creative and manage costs carefully which includes changing the way they operate and they need the cooperation of their vendors and contractors to share in these efforts. I believe that it is appropriate for

the State to step in as a partner also. This bill provides a way for the State to make a difference.

Keeping the current Cook Inlet oil fields on line a few more years will maintain good jobs, provide local taxes, and the possibility of new development that could easily exceed any anticipated future short fall in State revenues resulting from reducing the State's royalty.


I want to commend the bill sponsors and the Department of Natural Resources for their foresight in supporting this bill. I want to thank the committee for the opportunity to provide testimony on this legislation.

Cook Inlet Oil & Gas Activity & Discoveries

April 2003

Map Legend

- Units
- Oil Field / Accumulation
- Gas Field / Accumulation
- Recent Discoveries
- Proposed 2003 Exploration Wells
- 2002 Exploration Wells
- 2001 Exploration Wells
- Platforms
- Road
- Alaska Railroad

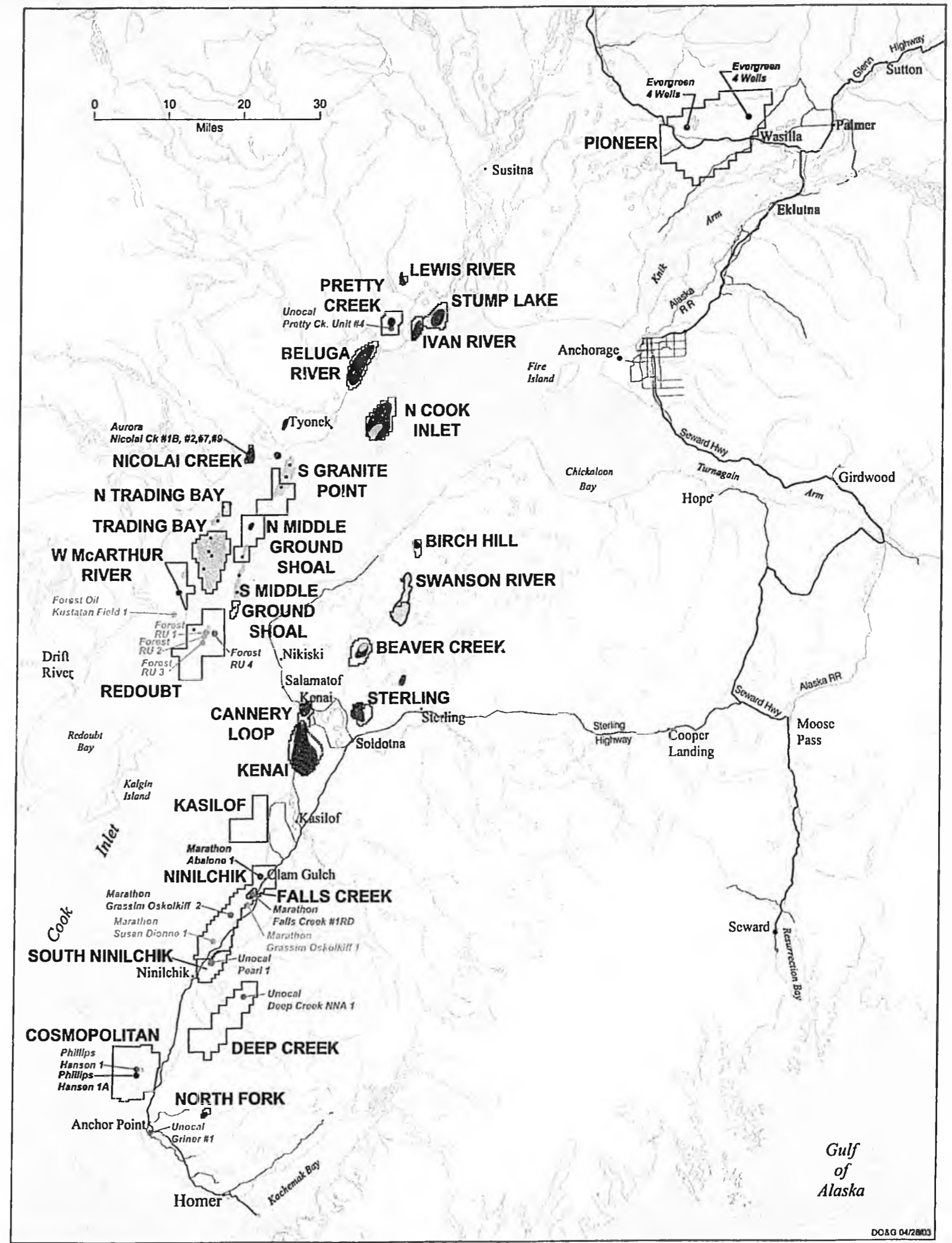


Map Location

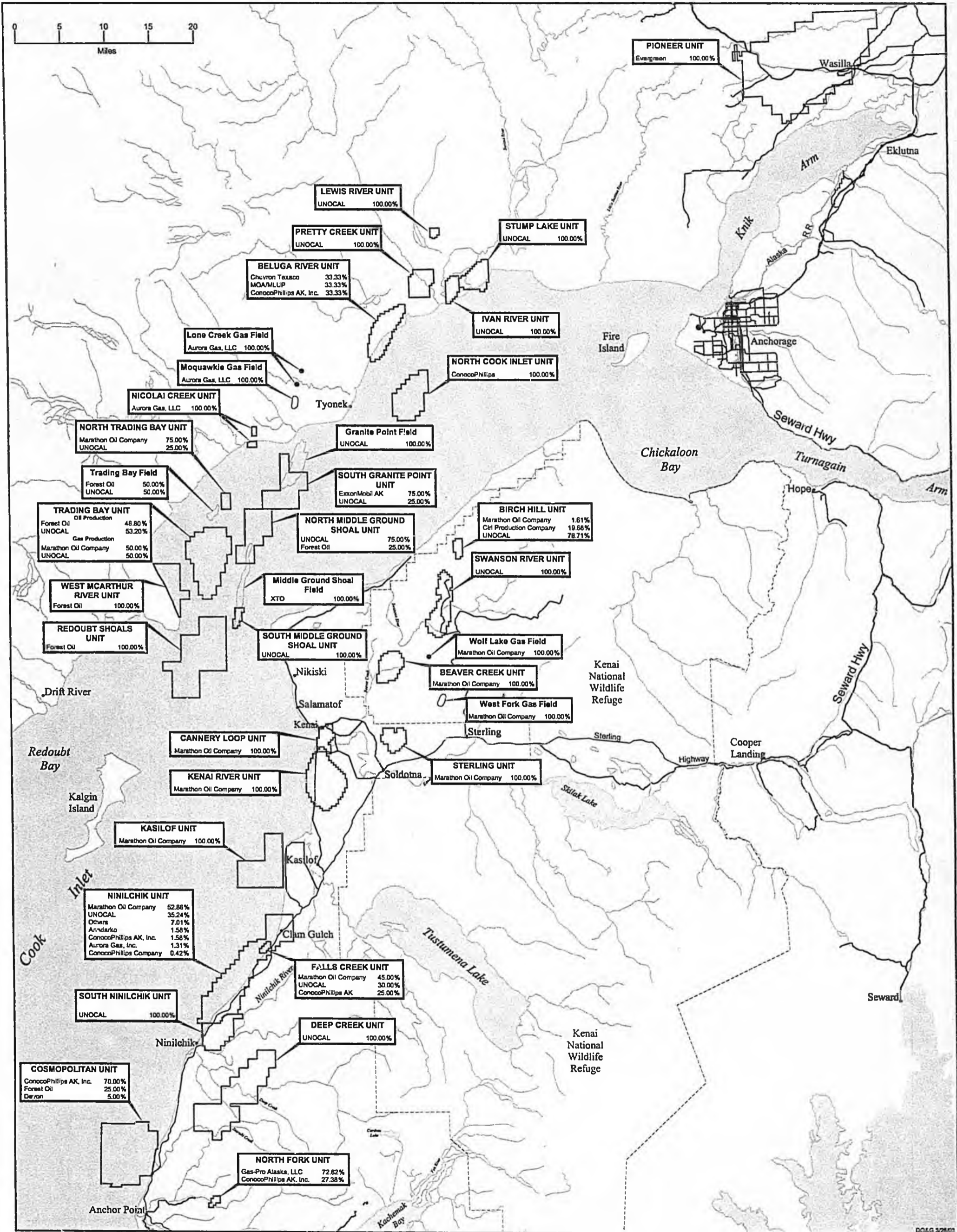


Alaska Department of
NATURAL RESOURCES
Division of Oil and Gas

<http://www.dog.dnr.state.ak.us/oil/>

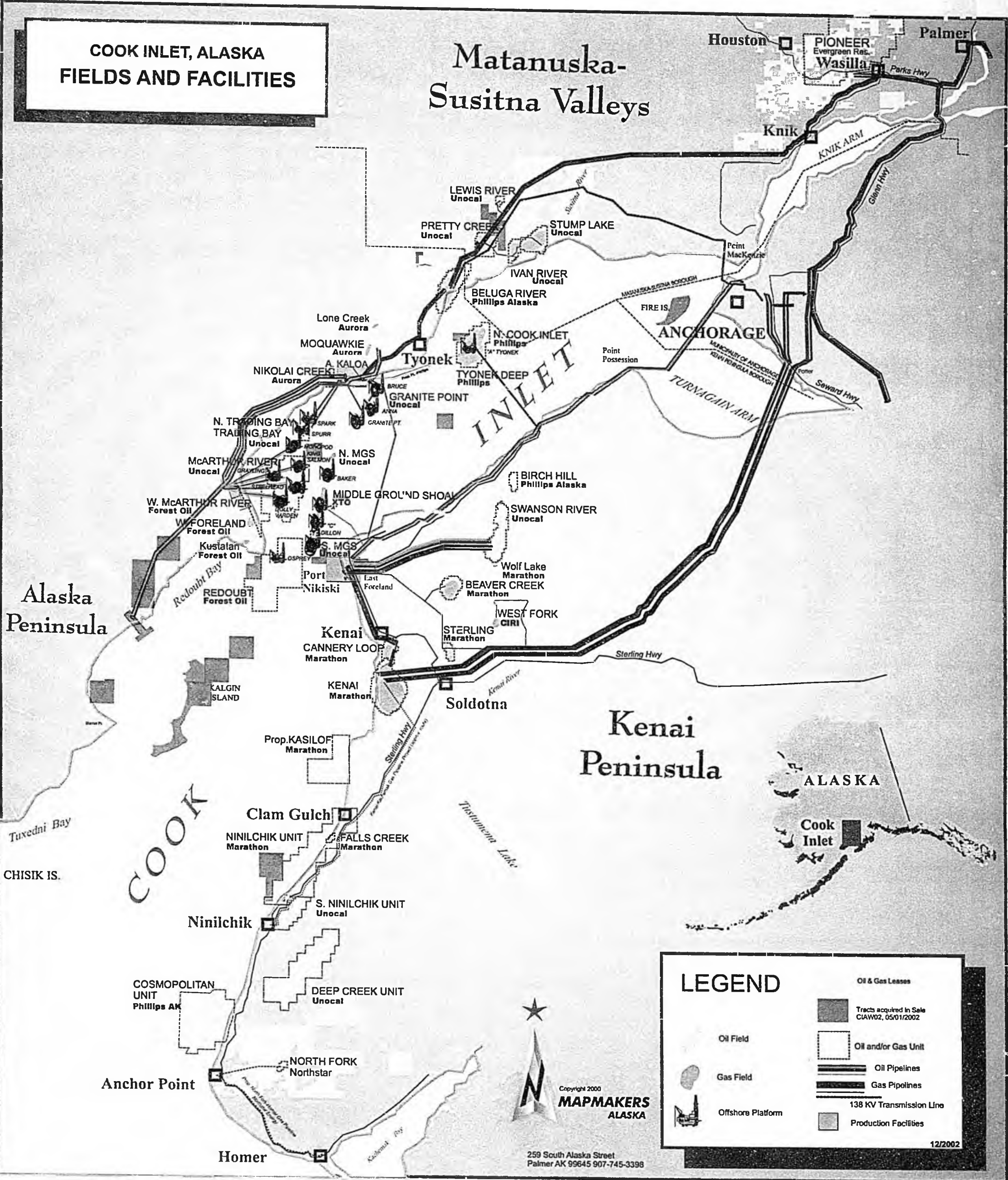


Cook Inlet Oilfield and Pool Ownership



**COOK INLET, ALASKA
FIELDS AND FACILITIES**

**Matanuska-
Susitna Valleys**



LEGEND

	Oil Field		Oil and/or Gas Unit
	Gas Field		Oil Pipelines
	Offshore Platform		Gas Pipelines
			138 KV Transmission Line
			Production Facilities
			Tracts acquired in Sale CIAW02, 05/01/2002
			Oil & Gas Leases

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**MAPMAKERS
ALASKA**
259 South Alaska Street
Palmer AK 99645 907-745-3398

12/2002

SB

190

SENATE COMMITTEE REPORT

DATE: 1/21/04

FURTHER:

DATE TURNED
IN TO OFFICE: 2-27-04

Resources Committee considered SENATE BILL NO. 190

SB 190 KENAI RIVER SPECIAL MANAGEMENT AREA

"An Act adding certain state-owned land and water to the Kenai River Special Management Area; relating to the mineral estate of the state-owned land and water in the Kenai River Special Management Area; amending the qualifications for members of the Kenai River Special Management Area advisory board; and providing for an effective date."

and recommends:

- be replaced with _____ CS _____ (_____)
- adopt previous _____ CS SB 190 (STA)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to _____ Committee

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

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Zero	Indet.	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Zero	Indet.	FN#
DNR	1/29/04		✓		1
F&G	1/16/04		✓		2

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>Ben Steens</i>	✓			
<i>K. P. S.</i>			✓	
<i>Ralph Neenan</i>	✓			

the chair is DNR - all other DO PASS ✓

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: CSSB 190(STA)
(S) Publish Date: 1/21/04

Revision Date/Time (Note if correction): _____ Dept. Affected: Natural Resources
Title Kenai River Special Management Area RDU Parks & Recreation Mgt.
Component Parks Management
Sponsor Sen. Wagoner
Requester (S) STA Component No. 452

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						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

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

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

FUND SOURCE (Thousands of Dollars)

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

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)*
 This bill adds a number of parcels of land in the lower Kenai River area to the Kenai River Special Management Area (KRSMA). These lands are currently being managed by the Division of Parks and Outdoor Recreation. The proposed additions include a portion of those envisioned in both the 1997 Revised Kenai River Comprehensive Management Plan, adopted by DNR in 1997, and the Kenai Area Plan adopted by DNR in 2000. The bill also excludes state or federal employees from serving as public members of the Advisory Board.

 There is no fiscal impact anticipated with implementation of this legislation.

Prepared by: Pete Panarese Phone 269-8700
 Division: Parks Date/Time 1/20/04
 Approved by: Thomas Irwin, Commissioner Date 1/20/04
 Agency: Natural Resources

THE
FOLLOWING
DOCUMENT(S)
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FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: 2
Bill Version: CSSB 190(STA)
(S) Publish Date: 1/21/04

Revision Date/Time (Note if correction): _____ Dept. Affected: Fish and Game
Title: Kenai River Special Management Area RDU: Sport Fisheries
Component: Sport Fisheries Habitat
Sponsor: Senator Wagoner
Requester: Senate State Affairs Component No.: 2698

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						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

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

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

FUND SOURCE (Thousands of Dollars)

FUND SOURCE	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2004) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

POSITIONS

Position Type	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

Passage of this legislation would have no fiscal impact.

Prepared by: Kelly Hepler, Director
Division: Sport Fish
Approved by: Commissioner Kevin Duffy
Agency: Alaska Department of Fish & Game

Phone 465-4180
Date/Time 1/16/04 4:18 PM
Date 1/16/2004

ALASKA STATE LEGISLATURE



Official Business

SENATOR THOMAS H. WAGONER

- Co-Chair, Senate Resources Committee
- Co-Chair, Senate Transportation Committee
- Vice-Chair, Senate Community and Regional Affairs Committee
- Member, Legislative Council

Session: January – May

State Capitol, #427

Juneau, AK 99801

Phone: 907-465-2828 Fax: 907-465-4779

Interim: May – December

145 Main Street Loop; Suite 226

Kenai, AK 99611

Phone: 907-283-7996 Fax 907--283-3075

Sponsor Statement

SB 190

“An Act adding certain state-owned land and water to the Kenai River Special Management Area; relating to the mineral estate of the state-owned land and water in the Kenai River Special Management Area advisory board; and providing for an effective date.”

To provide the protection and management of the Kenai River system called for in the comprehensive management plan, certain state-owned land must be Legislatively added to the boundary of the Kenai River Special Management Area (KRSMA). KRSMA is managed as a unit of the Alaska State Parks system in the Department of Natural Resource under AS 41.21.500.

The lands that Senate Bill 190 will add to the Kenai River Special Management Area are primarily the 536 acres acquired as habitat and recreation lands under funds from the Exxon Valdez Oil Spill settlement. There are also a few isolated tracts of state land that had been overlooked during the initial 1984 KRSMA legislation.

This bill also changes the structure of the KRSMA advisory board. Originally representatives from state and federal agencies could be appointed to the board. SB 190 changes AS 41.21.510(b) so members of user groups, resident property owners and municipalities make up the voting members of the advisory board, and those members from state or federal agencies will be ex officio.

Existing park staff assigned to the Kenai River Special Management Area is adequate to cover additional management responsibilities and there are no new facilities proposed for these additional lands.

ALASKA STATE LEGISLATURE



Official Business

SENATOR THOMAS H. WAGONER

- Co-Chair, Senate Resources Committee
- Co-Chair, Senate Transportation Committee
- Vice-Chair, Senate Community and Regional Affairs Committee
- Member, Legislative Council

Session: January – May
State Capitol, #427
Juneau, AK 99801
Phone: 907-465-2828 Fax: 907-465-4779

Interim: May – December
145 Main Street Loop; Suite 226
Kenai, AK 99611
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Sectional Analysis SB 190

“An Act adding certain state-owned land and water to the Kenai River Special Management Area; relating to the mineral estate of the state-owned land and water in the Kenai River Special Management Area; amending the qualifications for members of the Kenai River Special Management Area advisory board; and providing for an effective date.”

Section 1 States that the purpose of SB 190 is to add certain state-owned land and water to the Kenai River Special Management Area

Section 2 Amends AS 41.21.502(a)(4)(L) by adding in the parcels of land that will be in the Kenai River Special Management Area. These are primarily EVOS lands, with a couple parcels that were left out of the original bill.

Section 3 Amends AS 41.21.502(c) by rewording the statute so it reads more clearly.

Section 4 Amends AS 41.21.510(b), which is the set up of the KRSMA advisory board. A person working for the federal or state government will no longer be a voting member of the board, but an ex officio.

Section 5 Immediate effective date.

ALASKA STATE LEGISLATURE



Official Business

SENATOR THOMAS H. WAGONER

- Co-Chair, Senate Resources Committee
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January 22, 2004

MEMORANDUM

To: Senator Scott Ogan, Chairman
Senate Resources Committee

From: Senator Thomas Wagoner 

Subject: CSSB 190 Committee Hearing

I would appreciate your hearing Senate Bill 190 in the Senate Resources Committee at your earliest convenience.

I have attached a copy of the bill, sponsor statement, sectional analysis and other information pertaining to this bill.

Thank you for your time and consideration. If you have any question please contact my staff, Amy Seitz, 465-3421

Proposed Additions to Kenai River Special Management Area (KRSMA)

Unit #	Region	Name of Unit	OSL/ EVOS/ DJ	General State land	National Forest Community Grant	Currently managed by DOPOR (under ILMA)	Acreage of Each Unit
141B	05	Kenai R. floodplain N. of Heather Ave., adjoining Eagle Rock Unit		X			19
142	05	Eagle Rock, north shore Kenai River		X			19
378	02	Lakeview-- Mouth of Victor Creek on Kenai Lake			X		15
380A	02	South and Lower Trail Lake; existing boat launch & trailhead to Vagt			X		1
380D	02	South of ARR Bridge on East Shore Upper Trail Lake			X		98
380E	02	Upper Trail Lake, south arm, east shore			X		111
380G	02	Lower Trail Lake, narrow channel			X		1,172
380J	02	Trail River corridor & Kenai L. shore north of USFS Center			X		116
380K	02	Kenai Lake Shore--S. of USFS Work Center			X		8
382A	02	Five parcels; 2 promontories, ball diamond, boat launch shore access			X		31
382D	02	Lake front, Moose Pass townsite			X		3
383A	02	Mouth of Schilter Creek and north shore of Kenai Lake			X		628
384	02	Moose Creek & Upper Trail Lake Wayside			X		129
387	02	Small lakefront parcel on narrow reach of Upper Trail Lake			X		1
388	04	Cooper Lake, southeast end			X		1,426
390	04	West shore Kenai Lake			X		2,027
391A	04	One of numerous parcels on Kenai River & north shore of Kenai Lake			X	X	8
391B	04	One of numerous parcels on Kenai River & north shore of Kenai Lake			X	X	57
391C	04	One of numerous parcels on Kenai River & north shore of Kenai Lake			X	X	7
391D	04	One of numerous parcels on Kenai River & north shore of Kenai Lake			X	X	44
391E	04	One of numerous parcels on Kenai River & north shore of Kenai Lake			X	X	8
391G	04	One of numerous parcels on Kenai River & north shore of Kenai Lake			X	X	7
391H	04	One of numerous parcels on Kenai River & north shore of Kenai Lake			X	X	2
391I	04	One of numerous parcels on Kenai River & north shore of Kenai Lake			X	X	4
391J	04	One of numerous parcels on Kenai River & north shore of Kenai Lake			X	X	1
391K	04	One of numerous parcels on Kenai River & north shore of Kenai Lake			X	X	1
391L	04	North shore of lake: steep shoreline below Sterling Highway			X	X	72
391M	04	Lake frontage at Quartz Creek, summer cabins			X	X	9
391N	04	West shore, along Snug Harbor Road E. of subdivision			X	X	94
391Q	04	North shore of lake: frontage at airstrip and east of USFS campground			X	X	6
392A	04	Riparian corridor Cooper Creek			X		46

392B	04	Riparian corridor; Bean Creek				X		100
392C	04	Riparian corridor; Shackleford Creek				X		46
392D	04	Riparian corridor; Quartz Creek				X		173
392E	04	Riparian corridor; Daves Creek				X		28
392F	04	Riparian corridor; Crescent Creek				X		44
392G	04	Riparian corridor; Dry Creek				X		65
393	04	Mouth of Juneau Creek and Bean Creek				X		230
394A	04	North shore of Kenai R. 2.5 mile stretch downstream from Cooper Cr.				X		237
394C	04	River & highway frontage between Cooper Cr. camp & Gwyn's Lodge				X		82
394D	04	Wetlands west of Gwyn's Lodge on Sterling Highway				X		40
397	04	East Quartz Creek, Tract A: 1 mile SE of Quartz Creek near Kenai				X	X	3
405	02	Johnson Pass Trail & North Shore of Upper Trail Lake				X		871
407	02	Slivers of land between ARR & ordinary high water of Upper Trail				X		6
408B	04	Quartz and Daves Creek lowlands, 38.5-40 miles along Sterling Hwy.				X		496
411	05	Parcel along Upper Kenai River				X		9
412	05	Parcel along Upper Kenai River				X		7
413	05	College Hole; southeast bank along Upper Kenai River	X					8
420	05	Kenai River Mi. 7, north bank, 3 miles SE of Kenai on Beaver Loop	X					100
423	05	On Big Eddy of Kenai River, 1.2 miles N. of Soldotna	X					21
425	05	Girves property on Kenai River, 1 mi. W. of Sterling Hwy. & 1 mi.	X					110
426	05	Sterling Highway Bridge, south bank of Kenai River, west of	X					6
427	05	Kenai River Mi 24 at Mi 3 of Funny River Road	X					36
428	05	Kenai River Ranch, S. of Kenai River at Funny R. Road, MP 13	X					146
433	05	Big Eddy at Kenai River at Mi. 14.5; approx. 1.8 miles from Soldotna	X					2
439	05	ADFG OSL parcel	X					1
488	05	EVOS Small Parcel Larry's Fishing Hole	X					27
491	05	EVOS Small Parcel, Mullen Homestead River Addition Phase 1	X					8
495	05	Brindley View and Glen View Subdivision lots	X					72
		Total						9,144 ¹

¹ This figure includes uplands only. It does not include proposed addition shorelands (Unit 602, Trail Lakes and River) that encompass 1,447 acres that were acquired under the Statehood Act and Submerged Lands Act.

KENAI RIVER SPECIAL MANAGEMENT AREA
ADVISORY BOARD

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KENAI RIVER SPECIAL MANAGEMENT AREA
ADVISORY BOARD

	Term Expires
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Jeff King P.O. Box 2711 Soldotna, Alaska 99669 e-mail: lakerfish@alaska.net	Phone: 262-4564 10/01/04



**Alaska Department of Natural Resources
Division of Parks and Outdoor Rec.**



Kenai River Special Management Area

The Kenai River boasts major runs of four Pacific salmon species - king, red, silver and pink - in addition to trophy-sized rainbow trout and Dolly Varden. Kenai River kings, or Chinook salmon, are among the largest North Pacific salmon, often weighing from 50 to over 85 pounds. The abundant productivity of the Kenai River and variety of habitats enables the area to support large concentrations of bald eagles and many species of migratory waterfowl. Moose, caribou, wolves, bears and other wildlife also use the river system's resources. The area offers prime opportunities for fishing, boating, camping and wildlife observation.

The Kenai River Special Management Area (SMA) consists of more than 105 linear miles of rivers and lakes, including Kenai Lake, Skilak Lake, and the Kenai River from river mile 82 downstream to four miles above the river's mouth on Cook Inlet. Adjacent to these waters are fifteen state park sub-units and land owned by cities, the borough and the federal government, as well as private and native lands.



Boating Safety

Knowledge, skill and vigilance are required to operate a boat safely - especially with crowded boating conditions and natural and man-made hazards. Please learn the US Coast Guard "rules of the road" for your safety and others. Non-motorized boats and boats drifting downstream have the right-of-way. Boats under power headed or pointed upstream must yield to other traffic. Between May 15 and July 31, it is illegal to anchor in a manner that obstructs a primary traffic channel or fishing channel of any section of the Kenai River. Power boats are limited to 6 passengers on board, including the operator.

Boat operators are legally responsible for their boats' wake and any damage it causes. Please travel mid-river whenever possible. Use appropriate speeds and keep wake to a minimum to reduce bank erosion and silting of spawning beds. Approach other boats and property, such as docks, carefully.

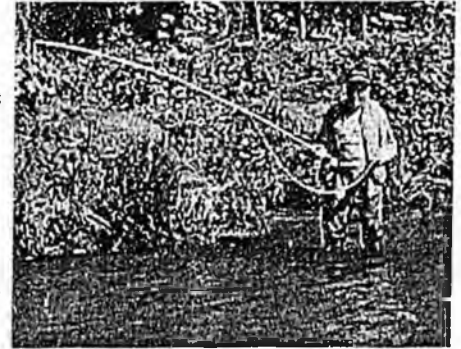
US Coast Guard approved life jackets should be worn and must at least be readily accessible. State law requires that life jackets be worn at all times by children under the age of 13. Boating accidents usually result in hypothermia or drowning, due to cold water and fast currents. Dress appropriately and help those in need. The Kenai and Skilak Lakes are very cold and subject to sudden high winds which kick up choppy waves. Stay on shore in bad weather.

Regulations and Courtesy

The river is for everyone's enjoyment - there is no such thing as a personal fishing hole. Courtesy and common sense make everyone's experience more enjoyable. Fishing regulations may change annually or by emergency order, so check current regulations before fishing. Complete harvest records immediately for king salmon or rainbow trout you keep.

Different fishing methods are popular in different river reaches - please don't buck the trend. Drift fishing through backtrollers, or backbouncing or backtrolling in the middle of an occupied drift is not only discourteous, it is dangerous. It may cause confusion, tangled or cut lines, hot tempers and accidents.

Landing a salmon on the Kenai River is a challenge in itself. A net held in the air, or in an upright position, means that someone in that boat has a "fish on". Help those lucky enough to hook one by pulling in your line and steering your boat out of the way.



Fish experience shock when caught. Treat a fish you intend to release carefully and release it before it is totally "played out". Remove the hook while the fish is in the water and if it cannot be released easily, cut the leader. An exhausted fish may need to be gently supported in the water. Breakaway sinker rigs greatly reduce gear lost to snags and help prevent disruptions to others. It is illegal to gaff fish on the Kenai River or to lift any fish you do not intend to keep out of the water.

Boat motor size is limited to 35 horsepower, excepting on Kenai and Skilak Lakes. The majority of the Kenai River SMA is closed to jet skis, hovercraft, airboats and waterskiing. A large portion of the upper Kenai River is a "non-motorized area". Please contact one of the offices listed at the end of this page for further information.

Kenai River Guides

Guides must have a state park commercial use permit and meet safety training and insurance requirements. It is illegal to book a fishing trip or pay someone for guide services who is not a registered guide within the Kenai River SMA. If you use a guide service, be sure the vessel displays current Kenai River guide decal, a large three digit boat number and the Kenai River SMA guide identification card. You may report violations involving guides to Alaska State Parks at (907) 262-5581. A list of permitted Kenai River guides is available at the Kenai River Center at (907) 260-4882.

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Please Protect River Resources

- ✓ **Camping** is allowed only in developed campsites. All undeveloped lands and islands are closed to camping. There are many areas, including the islands below Skilak Lake, that are closed to bank fishing during sockeye season. Please consult the Fish and Game regulations for a listing of these closures.
- ✓ **Litter** spoils the area for others and for wildlife. Carry out everything that you bring into the park, including food scraps, packaging and cigarette butts. Put fish entrails into the river or carry them out; do not leave them on the bank.

✓ **Discharge of firearms** is prohibited in the Kenai River SMA except for lawful hunting and trapping on Skilak and Kenai Lakes, and except for use of shotguns below Skilak lake for lawful waterfowl hunting September 1 through April 30. Discharge of a firearm from a boat or across the river within one-half mile of a developed facility or dwelling is prohibited. Target shooting and plinking are prohibited in the entire SMA and on adjacent public lands. See Alaska Fish and Game regulations for hunting information.



✓ **Please respect** the rights of the many private land-owners along the lower Kenai River. Do not trespass, dock, bank fish, picnic or camp without written permission.

✓ **Pets** must be on leashes in developed campgrounds and day-use areas and under control at all times. Do not allow your dog to run loose or chase wildlife.

✓ **Public restrooms** are located at strategic locations along the Kenai River. Much of the land below Skilak Lake is private property. Public use is not allowed and is considered trespassing. Please know where you are and plan to take breaks at appropriate locations. If you are not near a restroom, dig a shallow hole at least 100 feet from water and then cover it. Do not burn toilet paper, as it is a fire hazard and rarely burns completely.

✓ **Fires** are permitted only in metal-bottomed fire pans with sides. Use only dead and down wood and carry ashes, charred wood, charcoal and debris out of the park . Do not leave fires unattended.

✓ **Building a structure** or disturbing the river banks at or below the ordinary high water mark requires state and federal permits. Contact the Kenai River Center at (907) 260-4882 for information before beginning work.

Working Together ... for the River

The popularity of the Kenai River, one of the most heavily used fresh-water fisheries in Alaska, puts a strain on its resources. In response to increasing threats to the river system's health, the legislature established the Kenai River Special Management Area in 1984 as a unit of the state park system.

A comprehensive management plan for the area, developed by agencies and a public advisory board, guides the cooperative efforts of the land managers. The plan's goal is to protect the natural resources and fish and wildlife habitat, manage the river's recreational and commercial uses, and provided public facilities.

[See a map of the Kenai River Special Management Area.](#)

For More Information



Kenai Area Office (located at Morgan's Landing)
PO Box 1247
Soldotna, Alaska 99669
(907) 262-5581

Kenai River Center
514 Funny River Road
Soldotna, Alaska 99669
(907) 260-4882

For a copy of this brochure, contact the DNR Public Information Center at pic@dnr.state.ak.us.

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Web posted Tuesday, January 27, 2004

Bill would shift power of KRSMA

By HAL SPENCE

Peninsula Clarion

Sen. Tom Wagoner introduced a bill last week that would strip state and federal agencies of voting power on the Kenai River Special Management Area Board.

The measure also would add some 500 acres to the management area. That land currently is owned by the state.

Senate Bill 190, introduced Jan. 21, would allow agencies to name ex-officio members to the board, but those representatives would no longer have a vote in management decisions.

As currently constituted, representatives from state and federal agencies and three municipalities fill eight of the board's 17 seats. Under Wagoner's bill, representatives from the cities of Kenai and Soldotna, as well as the Kenai Peninsula Borough would retain their voting powers.

However, representatives from the Alaska departments of Natural Resources, Environmental Conservation, and Fish and Game, along with those from the U.S. Forest Service and the Kenai National Wildlife Refuge, would no longer have a vote.

"We want to make it a real citizen's advisory group, not just a bureaucratic, multiagency working group," Wagoner said in an interview Monday.

Although the board is weighted toward the public, at-large membership, it may not always control an outcome. Public members are more likely to be the ones missing meetings because of business or personal commitments, thus changing the voting dynamics. It is rare for government agency representatives to miss meetings, Wagoner said.

"They're always there. That's their job," he said.

Eliminating agency votes would leave final board decisions in the hands of the public members who represent user groups, residential property owners and municipalities, Wagoner said.

That is not meant to indicate agency representation is unnecessary. Far from it, he added.

"They will still have every bit as much input as they do now, and that's a good thing," he said. "They're needed (for their expertise). At the same time, control of the advisory board needs to be with the public members, not bureaucrats who may have an entirely different agenda than Joe Q. Public."

Wagoner also suggested that some at-large members might feel a bit intimidated by the perceived expertise of agency representatives. With no vote, those experts would become what Wagoner thinks they should be - a pool of experience, a resource.

"(The bill) would make them advisers to the advisory group," he said.

Ted Wellman, an Anchorage attorney with Davis Wright Tremain LLP who has been on the board since the mid-1990s, disagrees with Wagoner's aim. There are several good reasons, he said, why agencies should retain a vote on the board. But Wellman, a past board chair, said he didn't always feel that way.

"I started out thinking agency people should not have a vote," he said. "I have since changed my mind."

Having voting agency representatives directly involved in decisions makes it far more likely that the agencies themselves will "buy into" those decisions, Wellman said.

That was evident, he said, when the board adopted the area's comprehensive plan back around 1997. If agencies had not had the vote back then, the agencies might not have signed off on the plan, Wellman suggested.

Another reason for retaining agency votes is for the stability they provide to the board. They prevent the board from being controlled by special interest groups, he said, adding he could not remember a case when a vote by agency representatives actually controlled the board.

He said the agency representatives have integrity. They abstain from voting when decisions directly involve their own agencies.

Wellman said he would have no objection to eliminating the vote of the Department of Natural Resources because that is the agency the management area board directly advises.

"I'm really interested in retaining the votes of the federal agencies. It ensures they buy into the process of working cooperatively with the state on this park. They control land on a substantial part of it."

That they have a vote also affords the rest of the membership a measure of influence on those agencies," Wellman added.

"The world is not going to end if they are (become) ex-officio nonvoting members," Wellman said. It would, however, increase the chances that absences among at-large members might leave board decisions in too few hands, and that could lead to the adoption of bad policy.

Another refinement of state law regarding the board make-up proposed in Wagoner's bill would limit municipal membership to municipalities actually adjacent to the management area. There are no municipal representatives currently on the board from Seward, Homer or Anchorage, but other appointed advisory boards do include broad geographical representation. Wagoner said he wanted to make sure board seats continue to be held by those most directly connected to the management area.

The Kenai River Special Management Area covers more than 105 linear miles of rivers and lakes, including Kenai Lake, Skilak Lake and the Kenai River from river mile 82 downstream to four miles above the river's mouth on Cook Inlet.

Adjacent to these waters are 15 state park subunits and land owned by cities, the borough and the federal government, as well as private and Native lands.

It was created in 1984 by the Alaska Legislature as a unit of the state park system in response to increasing threats to the river system's health.

Effect of amendments. — The 1988 amendment deleted "Within two years from June 2, 1984" at the beginning of the first sentence in subsection (a).

NOTES TO DECISIONS

State park regulations govern Kenai River Area. — The legislature intended the Kenai River Area to be a state park and intended normal state park regulations to govern the area unless those regulations were inconsistent with a regulation promulgated specifically for the area under AS 41.21.506(b). State v. Lowrence, 858 P.2d 635 (Alaska Ct. App. 1993).

Sec. 41.21.508. Acquisition of additional land; adjustment of boundaries.

(a) The commissioner may acquire title to or an interest in land or improvements on land that is adjacent to or within the boundaries of the Kenai River Special Management Area in the name of the state in order to achieve the purposes of AS 41.21.500 — 41.21.514, by lease, purchase, exchange under AS 38.50, bequest, gift, or other lawful means but not by eminent domain.

(b) The commissioner may adjust the boundaries of the Kenai River Special Management Area under AS 38.05.295 — 38.05.300 by adding state-owned land and water to the Kenai River Special Management Area to achieve the purposes of AS 41.21.500 — 41.21.514. (§ 2 ch 74 SLA 1984)

Sec. 41.21.510. Advisory committee. (a) In developing and implementing the management plan required by AS 41.21.506(a), the commissioner shall appoint an advisory board. The commissioner and the advisory board shall jointly hold public meetings during development of the management plan in the areas affected. The commissioner shall consult with and solicit recommendations from the advisory board and from federal and state agencies, interest groups, and other interested members of the public.

(b) The advisory board appointed under this section shall be representative of user groups, resident property owners, municipalities, agencies of the state and federal governments, and other interest groups. A majority of the members of the advisory group shall be residents of the Kenai Peninsula Borough. (§ 2 ch 74 SLA 1984)

Sec. 41.21.512. Cooperative management agreements. The commissioner may enter into cooperative management agreements with a federal agency, a municipality, another state agency, or a private landowner to achieve the purposes of AS 41.21.500 — 41.21.514. (§ 2 ch 74 SLA 1984)

Sec. 41.21.514. Civil enforcement. In addition to any other remedy provided by law, the attorney general may seek an injunction and damages at the request of the commissioner for a violation of a regulation adopted under AS 41.21.500 — 41.21.514 or a regulation that is applicable to the Kenai River Special Management Area established under AS 41.21.502. (§ 2 ch 74 SLA 1984)

Sec. 41.21.518. Business Park Wetlands Special Management Area established. The present and future state-owned land and water within the parcels described in this section, are designated as the Business Park Wetlands Special Management Area. The special management area is established to protect and preserve this land and water and its unique and exceptional fishery and wildlife resources and habitat and recreational and resource values, and to designate it as a special purpose site in accordance with sec. 7, of the Constitution of the State of Alaska. The state-owned land and water within the following parcels is reserved from all uses incompatible with its primary use as a special management area, except for utility easements, and is assigned to the following:

13 North, Range 3 West, Seward Meridian

cribed in (a) of this section of the Alaska Constitution. the mineral estate in the is closed to mineral entry

ment was repealed in § 17, ch. 20,

sibilities. (a) The land and artment for control, mainte- 3 41.21.500 — 41.21.514.

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partment of Environmental

the responsibilities of state

n; regulations. (a) The com- management plan for the Kenai Kenai Peninsula Borough. The ed in AS 41.21.502(a)(1) — (3) ed and may include other land Kenai Peninsula Borough. The adopt changes to the plan

AS 44.62 (Administrative Pro AS 41.21.500 — 41.21.514 and The regulations must rict them, and procedure for professional fishie the commissioner considers ne

— 41.21.514 take effect, existi River Special Management

o land owned by the state bu cated within the boundaries l by the municipality. not apply to the land and m § 35 ch 85 SLA 1988)

SW¼NW¼
 Section 14: Lots 2, 7
 Section 16: Lots 1 — 10
 SE¼
 NW¼NW¼
 SE¼SW¼.

(b) Subject to valid existing rights, the land and water described in (a) of this section is designated as a special purpose area under art. VIII, § 7, of the Alaska Constitution.
 (c) Except for oil and gas leasing under AS 38.05.180, the mineral estate in the State-owned land and water described in (a) of this section is closed to mineral entry under AS 38.05.181 — 38.05.275. (§ 2 ch 74 SLA 1984)

Editor's notes. — The condition required by ch. 148, SLA 1990, for the addition of a portion of Slikok Creek subdivision did not occur, and therefore the conditional amendment was repealed in § 17, ch. 20 SLA 2002.

Sec. 41.21.504. Designation of management responsibilities. (a) The land and water described in AS 41.21.502(a) is assigned to the department for control, maintenance, and development consistent with the purposes of AS 41.21.500 — 41.21.514.
 (b) Nothing in AS 41.21.500 — 41.21.514 affects the applicability of
 (1) AS 41.99.010 and AS 16 regarding the responsibilities of the Department of Fish and Game or the Board of Fisheries or the Board of Game;
 (2) AS 46.03 regarding the responsibilities of the Department of Environmental Conservation; or
 (3) AS 44.19.145(a)(11) and AS 46.40.100 regarding the responsibilities of state agencies and municipalities. (§ 2 ch 74 SLA 1984)

NOTES TO DECISIONS

Applied in *State v. Lawrence*, 858 P.2d 635 (Alaska Ct. App. 1993).

Sec. 41.21.506. Comprehensive management plan; regulations. (a) The commissioner shall develop and adopt a comprehensive management plan for the Kenai River Special Management Area in consultation with the Kenai Peninsula Borough. The plan may include the land adjacent to the rivers described in AS 41.21.502(a)(1) — (3) whether the land is owned by the state or privately owned and may include other land considered appropriate by the commissioner and the Kenai Peninsula Borough. The commissioner shall periodically review the plan and adopt changes to the plan in consultation with the Kenai Peninsula Borough.
 (b) The commissioner shall adopt regulations under AS 44.62 (Administrative Procedure Act) that are necessary to achieve the purposes of AS 41.21.500 — 41.21.514 and to implement the plan adopted under (a) of this section. The regulations must
 (1) designate incompatible uses and prohibit or restrict them, and
 (2) establish a registration, licensing, or comparable procedure for professional fishing guides and such additional fishing guide controls as the commissioner considers necessary.
 (c) Until regulations adopted under AS 41.21.500 — 41.21.514 take effect, existing state regulations otherwise applicable to the Kenai River Special Management Area remain in effect.
 (d) A regulation adopted under this section applies to land owned by the state but does not apply to land not owned by the state that is located within the boundaries of a municipality unless the regulation has been approved by the municipality.
 (e) The provisions of AS 41.21.025(b) and (c) do not apply to the land and water described in AS 41.21.502(a). (§ 2 ch 74 SLA 1984; am § 35 ch 85 SLA 1988)

141
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 Township 13 North

February 15, 2004

Senator Scott Ogan
Chair, Senate Resources Committee

SUBJECT: Senate Bill No. 190

Dear Senator Ogan and Resources Committee Members

My name is Bill Stockwell and I am from Cooper Landing. I ask that this letter be accepted as my testimony on SB 190. I have voiced my concerns to my Senator, Gary Stevens and to Senator Wagoner.

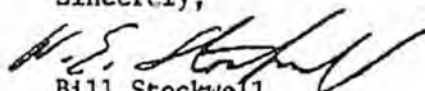
As listed in Section 2 of this bill, I support the land additions to KRSMA and hope this process can continue as planned.

However, I am **ADAMANTLY OPPOSED** to the changes in the voting membership composition of the KRSMA Advisory Board as proposed in Section 4 of this bill. The KRSMA Board has functioned admirably as a public/resource manager/community board for the past 20 years and has planned for and operated a most successful resource that has benefited all Alaskans and others as well. To eliminate as voting members the major watershed land managers (The State of Alaska, US Forest Service, and the Kenai National Wildlife Refuge) while leaving Soldotna, Kenai and the Borough as voting members unfairly disfranchises and needlessly discriminates against the rest of the citizens of Alaska and the United States while favoring only those residents of municipalities adjacent to the Kenai River. Residents of Anchorage, the Mat-Su and elsewhere own businesses, property, fish and use the Kenai River Watershed. To deny them their collective vote by law is unequal treatment and poor public policy.

This issue is important to the Community of Cooper Landing. People come from Alaska and throughout the world to enjoy the scenery and resources of our area. The economy of Cooper Landing is almost totally dependent on the resources of the Kenai River Watershed and the residents of Cooper Landing enjoy a lifestyle that the local area and resources provide. The Community remains active on river issues and continues to support the KRSMA Plan. However, Cooper landing is not a municipality. I feel that proposed changes to the KRSMA Board would unfairly favor the Lower Kenai River municipalities against the communities in the Upper Kenai River Watershed. While Cooper Landing is represented by the Borough, our small voting numbers and distance from the seat of government may leave us at a disadvantage.

Please leave the River Board Membership as is. Thank you for reading my comments and concerns.

Sincerely,



Bill Stockwell

P.O. Box 721

Cooper Landing, AK 99572

Phone 595-1540

cc: Senator Steven and Representative Seaton

BYLAWS

KENAI RIVER SPECIAL MANAGEMENT AREA ADVISORY BOARD

The Kenai River Special Management Area Advisory Board was originally created in 1985 under the authority of A.S. 41.21.510. The original Board was charged with developing a comprehensive management plan for the Kenai River. The original Comprehensive Plan was completed and the Board disbanded in 1986. In 1988, a new Board was appointed to help advise the Department of Natural Resources on implementation of the Plan. In July of 1995, Governor Knowles reappointed the Board and redirected the Board to address a series of specific new goals including updating the Plan. These by-laws reflect the changed scope of work for the Board.

I. PURPOSES

A. The purposes of the Kenai River Special Management Area Citizens Advisory Board (hereinafter referred to as "the Board") are:

1. To advise the Governor of the State of Alaska and the Commissioner of the Department of Natural Resources on issues relating to the Kenai River watershed other than matters related to fisheries allocation;
2. To update the Kenai River Management Plan and monitor implementation of the new Plan;
3. To propose changes to regulatory processes to affect better interagency coordination;
4. To propose programs to educate the public about the importance of habitat protection along the Kenai River;
5. To review and encourage the adoption of the State, federal and local regulations which protect the habitat along the Kenai River while considering the legitimate rights of both public and private property owners;
6. To represent the broad public interest including those of property owners, the Kenai Peninsula Borough, municipalities, agencies of the State and Federal governments, and other interested groups, on issues related to the Kenai River;
7. To hold public meetings, consult with and solicit recommendations from the public;
8. To advise the Governor and the Commissioner of the Department of Natural Resources of regulations necessary to achieve implementation of the plan;
9. To address management issues, review and make recommendations on budgeting priorities, permits and other field operations or policy matters, and advise the Commissioner of the Department of Natural Resources of such recommendations;
10. To encourage the development of standard designs for boardwalks, docks, bank stabilization and other improvements that restore and protect habitat which may be permitted on an expedited basis; and
11. To review and make recommendations regarding major new permit applications not covered by standard designs for docks, boardwalks, bank stabilization and other within the Kenai River Special Management Area.

B. Other purposes of this advisory board are:

1. To provide a forum for the collection and expression of public opinions and recommendations on matters relating to the Kenai River Special Management Area and its watershed;
2. To promote the protection of resources of the Kenai River Special Management Area, including its aesthetic values, vegetation, wildlife, soils, fishery, water, educational, historic, and outdoor recreation opportunities ;

3. To inquire into matters of public interest relating to the Kenai River Special Management Area to bring matters of interest to the attention of the public; to appear and testify at public hearings as representatives of the Board;
4. To make recommendations, when the Board deems appropriate, to local, state, and federal agencies and to legislative bodies relating to issues affecting the Kenai River other than matters of fish allocation;
5. To promote interpretation and public awareness of the natural and human history of the Kenai River Special Management Area;
6. To increase public awareness and understanding of human impacts on the Kenai River Special Management Area and its resources;
7. To promote cooperation between the Kenai Peninsula Borough, municipalities, the Division of Parks and Outdoor Recreation, and other State and Federal organizations;
8. To propose and advise on cooperative agreements and land acquisitions or exchanges; and
9. To enlist public and legislative support for the Kenai River Special Management Area's policies and programs.

II. PUBLIC ATTENDANCE

Meetings of the Board are open to the public. The Board shall prescribe rules of procedure and decorum while specifying limits, and the manner of, public participation in the meetings, as further delineated under Section VI. F.

III. MEMBERSHIP

There shall be seventeen members on the Board consisting of public and agency members. Public members shall be selected to ensure representation of the broad spectrum of public interests involved with or affected by the Kenai River and to prevent domination of the Board by a single viewpoint unrepresentative of the river's broad constituency. It is the intention of these Bylaws that the Board's membership reflect representation of such adjacent geographical areas as the Cooper Landing area, the Sterling area, the cities of Soldotna and Kenai, as well as the river users in south central Alaska in general. The agency members shall be from: the Kenai Peninsula Borough, the City of Soldotna, the City of Kenai, the US Forest Service, the US Fish and Wildlife Service, the Alaska Department of Fish and Game, the Alaska Department of Natural Resources, and the Alaska Department of Environmental Conservation. The membership shall also reflect, by demonstrated interests, expertise, and advocacy for the river, various activities and skills such as fishing and hunting, motorized and non-motorized boat use, back-country hiking, trail-related use by hikers, runners, cyclists, and horseback riders, Nordic skiing, canoeing and kayaking, nature observation, natural sciences, outdoor education, appropriate commercial uses and concessions, and real estate and land use planning expertise.

Any Board member may, of course, represent viewpoints of more than one such area, activity, or skill. It is recognized that the Board's membership cannot accurately reflect all opinions of the interested populace on every issue, but there shall be no deliberate concentration of specific viewpoints on the Board which would be contrary to the balanced representation specified in these Bylaws. Each Board member carries the responsibility to represent the broad public interest and no member shall consider himself or herself merely an advocate of a specific group.

IV. NOMINATIONS AND APPOINTMENTS

A. The Commissioner of the Department of Natural Resources shall appoint the nine citizen members of the Board. Beginning December, 1997, four members shall be appointed for two-year terms and five members shall be appointed for three-year terms. Thereafter, the term of appointment shall be two years, with all terms scheduled to expire on October 1 of the appropriate year.

B. Each agency may select its representative for its position. One alternate may be appointed by each agency. The Commissioner of the Department of Natural Resources retains the right to approve or reject the agency's nominations for representative and alternate.

C. At least three months prior to expiration of the term of office of an incumbent member of the Board, the Board, through its nominating committee, shall solicit applicants from the public, from user groups, from area communities, and from the Commissioner of the Department of Natural Resources to fill the anticipated vacancy. Notice of the vacancy and the application procedures shall be published in local newspapers. The Board shall discuss the applications and shall, no later than one month prior to expiration of the term of office, nominate to the Commissioner no fewer than three individuals for each vacancy. The Commissioner shall, with thirty (30) days, appoint to each vacancy one member from among those nominated, the appointment to be effective upon expiration of the term of office of the incumbent. A Board member may be reappointed by the solicitation and nomination process specified in this paragraph.

D. If a Board vacancy occurs before the expiration of a member's term, the Board shall make three nominations from the current application list at any regular or special meeting. Any interested member of the public may be placed on an application list by submitting formal application to the Board. Such nominations shall be immediately forwarded to the Commissioner for appointment, which shall be made within fifteen (15) days following submission of the nominees to the Commissioner. An appointee to a vacant Board position shall serve the unexpired term of the person whose vacancy has been filled.

E. Any member desiring to resign from the Board shall submit his or her resignation in writing to the President.

V. REMOVAL OF BOARD MEMBERS

A. Removal Upon Unexcused Absence. A vacancy in the seat of any member may be declared to exist by an eleven (11) member vote of the entire Board if that member has, without previously being excused, failed to attend three regular meeting of the Board within any twelve month period, or two consecutive meetings .

B. Removal for Cause. A Board member may be recommended for removal for cause by an eleven (11) member vote of the entire Board. Upon approval of that action by the Commissioner, the member shall be removed and the seat declared vacant. Cause for removal of a Board member shall be limited to the following:

- 1) flagrant repeated violations of the rules and procedures developed by the Board for conduct of Board and Board committee meetings and
- 2) knowing violations of the Board Bylaws on conflict of interests.

C. Notice of Proposed Removal Action. Any motion that the Board remove any member under A or B above must be adopted by the Board as an agenda item for a regular or special meeting occurring at least one month after the motion is made to take such action. The member whose position is proposed to be declared vacant shall receive notice of the

proposed action at least twenty (20) days prior to the action, and shall be permitted to respond, in writing and orally, before such action is taken.

VI. MEETINGS

A. Meetings shall be held on the third Thursday of the month. The Board may establish other meeting schedules as it deems appropriate by majority vote. Rules and procedures governing all such meetings of the Board shall be according to the most recent edition of Robert's Rules of Order.

B. Special meetings may be called by the President (or, in his/her absence, the Vice President), or by any five board members, or by the Commissioner of the Department of Natural Resources. Special meetings may include polls by telephone or facsimile communications and voting for emergency situations.

C. The Commissioner of the Department of Natural Resources shall make a reasonable attempt to deliver notice of all special meetings to each member five (5) days prior to the meeting date. All notices of special meetings shall state the purposes thereof. All special meetings will be scheduled so as to ensure the greatest possible attendance by all members of the Board.

D. A quorum of the transaction of business at any regular or special meeting of the members shall consist of a majority of the members of the Board (9) with a minimum of not less than five members representing the public. Any number of members present at a duly called meeting constituting less than a quorum shall postpone the meeting to a time and place where a quorum is expected to be present. A majority of a quorum is required to approve items of business unless as otherwise required.

E. No person shall represent anything as the position of the Board, except when the position has been approved by vote of a majority of the quorum.

F. Each agenda for all Board meetings shall include public comment scheduled at a time during the agenda to ensure the greatest public participation. Testimony shall be limited to three (3) minutes.

G. The Board agenda shall be established by the President of the Board or in his or her absence, by the Vice President. Any Board member may, by request to the President, add items to the agenda. The Board agenda may be modified or amended by majority vote at the initiation of the meeting.

H. The Board will have an annual meeting in September of each year. In addition to the normal agenda, the following agenda items will be included: 1) elections of President and Vice-President; 2) review of the continuing need for standing and ad hoc committees; 3) appointment to committees; and 4) annual reports from the committees.

VII. OFFICERS AND COMMITTEES

A. The officers of the Board shall be a President and one Vice President, each of whom shall be elected by the Board. Such other officers and assistant officers as are deemed necessary may be elected by the Board. Board officers shall serve without salaries.

B. The officers of the Board shall be elected annually by the Board. Each officer shall hold office until his or her successor has been duly elected, except that a vacancy shall be filled in the manner hereinafter provided.

C. Any officer elected by the Board may be removed from that office by an eleven (11) member vote of the full Board membership whenever, in its judgment, the best interest of the Park and the public would be served thereby. Any such removal shall not affect that person's membership on this Board.

D. A vacancy in any officer position because of death, resignation, removal, disqualification, or otherwise, may be filled by majority vote at any regular or special board meeting.

E. The President may appoint such standing, and ad hoc committees as necessary, in order to promote the efficient conduct of Board business and maximum active participation by the public. Each committee may have non-Board members as nonvoting participants, but shall have at least one member of the Board. Ad hoc committees are established to accommodate specific tasks over a prescribed period of time.

F. The President shall, in general, supervise and coordinate all the affairs of the Board and shall, when present, preside at all meetings of the Board.

VIII. CONFLICT OF INTEREST

A Board member shall immediately disclose to the Board any significant conflict of interest involving any particular matter presented to the Board for action. A significant conflict of interest exists if the Board is asked to consider and recommend agency action, involving any real or personal property in which the Board member, or a member of his or her immediate family, holds a direct financial interest. If the Board determines a conflict of interest exists, the affected Board member shall not participate in discussion or vote on the issue. This conflict of interest policy shall not be construed to preclude Board members from participating in discussions or voting on issues in which the Board member has a general financial interest by as a result of being a member of a group or class of users affected by the proposed action.

Whenever any notice is required to be given to any member of the Board under the provisions of these Bylaws or under the provisions of the statutes of the State of Alaska, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice. Attendance at a meeting by a member constitutes notice of the meeting.

X. AMENDMENTS

The Board may adopt, alter, amend, or repeal the Bylaws with an eleven (11) member vote of the entire board, with the concurrence of the Commissioner of the Department of Natural Resources.

XI. SUPPORT

The State Department of Natural Resources shall furnish the following staff and services to the Board:

1. A designee to act as ex-officio as Secretary to the Board;
2. Upon request, furnish a meeting room;
3. Provide mail-out services for the notices and agendas of meetings, and provide public notice of the meetings by issuing press releases to all Kenai Peninsula radio stations and newspapers, as well as one Anchorage paper;
4. Prepare, circulate, and keep minutes of the meetings;
5. Furnish necessary maps, plans, and data for agenda items, as otherwise agreed from time to time;
6. In consultation with the President, the staff shall provide an agenda for each meeting.

Approved: s/John Shively/ December, 1997

RE: SB 190, Kenai River Special Management Area
Department of Natural Resources
February 27, 2004
Senate Resources Committee

- The subsurface estate is the dominant estate.
- EVOS Conservation Easements only apply to the portion of the estate acquired with EVOS funds.
- The use of lands acquired with EVOS funds is controlled by the terms of the conservation easements on them. The KRSMA designation does not affect the conservation easements.
- Conservation easements associated with EVOS lands apply to the specific land interest acquired. If the subsurface estate was not part of the purchase, the conservation easement cannot limit access to the mineral estate any more than the surface owner of any parcel of land can limit access to the minerals underlying his estate.
- Typically we did not acquire the subsurface estate with EVOS funds. If we did acquire the subsurface estate on any of the EVOS funded parcels, utilization of the minerals on that specific parcel would be limited by the terms of the Conservation Easement.
- Typically the oil and gas rights on many of the EVOS acquired parcels were previously conveyed to the State of Alaska via patent and as such would not be subject to the terms of the Conservation Easement.
- Generally, the Conservation Easement on EVOS acquired parcels is consistent with Parks Management intent and the KRSMA designation.
- The conservation easement has no effect on adjacent parcels.

Re: SB 190

Subject: Re: SB 190

Date: Fri, 20 Feb 2004 09:34:52 -0900

From: janet burleson <janet_burleson@dnr.state.ak.us>

To: Amy Seitz <Amy_Seitz@Legis.state.ak.us>

CC: Pete Panarese <pete_panarese@dnr.state.ak.us>

Thanks for the reminder, Amy. I hope the following information is helpful. Please contact me if you have further questions.

The use of lands acquired with EVOS funds is controlled by the terms of the conservation easements on them. The KRSMA designation does not affect the conservation easements. Conservation easements associated with EVOS lands apply to the specific land interest acquired. If the mineral estate was not part of the purchase, the conservation easement cannot limit access to the mineral estate any more than the surface owner can limit access to the minerals underlying his estate.

Amy Seitz wrote:

> *Good Morning!*
> *You said that there was a clarifications to the response Pete provided*
> *on the oil and gas developments on lands going from EVOS to KRSMA. Just*
> *checking if I could get a copy of that...*
> *Thanks,*
> *Amy*

Subject: SB190 Resources Committee Testimony

Date: Mon, 16 Feb 2004 14:39:40 -0900

From: <akscitec@alaska.net>

To: Senator_Thomas_Wagoner@legis.state.ak.us

Dear Senator Wagoner,

This is testimony of the Friends of Cooper Landing (FOCL), for the Senate Resources Committee hearing on SB 190, Monday, February 16, 2004.

We are a broad-based community organization, which understands from long experience how important a healthy Kenai River and watershed are to the life and economy of people living on the Kenai Peninsula. For that reason FOCL supports adding critical parcels of land to the Kenai River Special Management Area.

Unfortunately we cannot support SB 190 in its current form, because it will negatively impact river management. State and Federal agencies are responsible for maintaining the health of the Kenai River System. Removing State and Federal agency voting memberships will simply politicize the KRSMA Board, and potentially allow special interests to dominate. That would be very unwise, as well as be inappropriate for a management board. We strongly oppose this section of SB 190, which is unacceptable as written.

Thank you,

Bob Baldwin, President
Friends of Cooper Landing
akscitec@alaska.net

Thanks for SB 190

Subject: Thanks for SB 190

Date: Thu, 22 Jan 2004 17:27:21 -0800

From: "Wellman, Ted" <tedwellman@DWT.com>

To: "Senator_Thomas_Wagoner@legis.state.ak.us" <Senator_Thomas_Wagoner@legis.state.ak.us>

Thanks for introducing SB 190. I would like to encourage you to consider adding other lands in the upper part of the river to KRSMA that are equally or more critical to the health of the river in future legislation. The original bill Ken introduced contained the main tributaries of the river such as Trail River and areas around Trail Lake, Funny River, Quartz Creek, a few parcels around Kenai Lake, Cooper Landing and other other similar areas. If memory serves me correctly, none of the land had to be purchased. If there is controversy, affected parcels could be left out. What I would like to see is the salmon streams be protected before development makes a mess of the rearing habitat as has been done on the Lower Kenai. . I would happy to show you on the map these other lands when convenient for you. Thanks again for your help

Ted Wellman<?xml:namespace prefix = o ns = "urn:schemas-microsoft-com:office:office" />

Davis Wright Tremaine, LLP

tedwellman@dwt.com

(907) 257-5326

Fax (907) 257-5399

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*Called
507 3:30*



KENAI PENINSULA BOROUGH

144 N. BINKLEY • SOLDOTNA, ALASKA • 99888-7599
BUSINESS (907) 262-4441 FAX (907) 262-1892

**DALE BAGLEY
MAYOR**

VIA FAX: 907 465-4779

Senator Tom Wagoner
State Capitol, Rm. 427
Juneau, AK 99801-1182

Dear Senator Wagoner:

I support the provisions of Senate Bill 190 that provides for more local control of the Kenai River Special Management Area Advisory Board by making state and federal agency representative ex-officio members of the board.

I strongly oppose having any additional land added to the Kenai River Special Management area.

Sincerely,

A handwritten signature in cursive script that reads "Dale L. Bagley".

Dale Bagley
Kenai Peninsula Borough Mayor

STATE OF ALASKA

FRANK H. MURKOWSKI
GOVERNOR

DEPARTMENT OF FISH AND GAME
OFFICE OF THE COMMISSIONER

P.O. BOX 25526
JUNEAU, AK 99802-5526
PHONE: (907) 465-4100
FAX: (907) 465-2332

February 20, 2004

The Honorable Thomas Wagoner
Alaska State Senate
Room 427, State Capitol
Juneau, AK 99801

Dear Senator Wagoner,

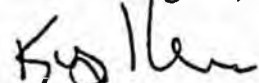
The Alaska Department of Fish & Game supports Senate Bill 190.

Section 2 of this bill adds lands purchased specifically for conservation purposes into the Kenai River Special Management Area (KRSMA). Most of these lands are wetlands not available for other uses, but which are critical habitats, and as such, we support their inclusion into the KRSMA.

Section 4 excludes employees, elected officials, or other representatives of a federal or state governments from being appointed to the Kenai River Special Management Area Advisory Board. Alternatively, it allows such individuals to serve as non-voting advisory members. We support this change. We do not believe it is appropriate for these individuals to hold voting seats, but do feel their input is necessary and valuable.

Please let me know if you have any questions.

With best regards,



Kelly Hepler
Director, Division of Sport Fish
Alaska Department of Fish and Game



February 20, 2004

CITY OF KENAI

" Oil Capital of Alaska "

210 FIDALGO AVE., SUITE 200 KENAI, ALASKA 99811-7794
TELEPHONE 907-283-7535
FAX 907-283-3014



Senator Thomas H. Wagoner
State of Alaska
State Capitol, #427
Juneau, AK 99801

RE: **SENATE BILL 190 - LETTER OF SUPPORT**

Senate Bill 190 has been crafted to add certain state-owned lands into the Kenai River Special Management Area (KRSMA), as well as change the membership of the Board, identifying agency representatives as ex-officio non-voting members.

At their regular meetings of January 21 and February 18, 2004, the Kenai City Council reviewed Senate Bill 190 and the properties to be added to the Management Area.

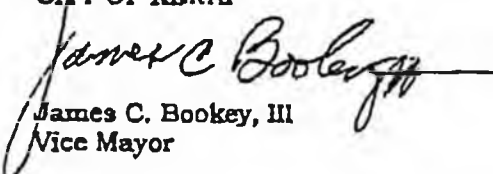
Addition of Properties: Of those properties proposed to be added to the Management Area, two are situated inside the boundaries of the City of Kenai -- Government Lot 9 and Tract A-1B. The Kenai City Council voiced no objections to these properties being added to the Management Area.

Board Restructuring: Though voting privileges will be removed, the proposed amendments continue to acknowledge the importance of inclusion of agency representation and participation on the Board. The Kenai City Council voiced no objections to these proposed amendments.

The Kenai City Council supports the proposed amendments to AS 41.21.502 and AS 41.21.510 included in Senate Bill 190. The Council also emphasizes the importance of the amendment to AS 41.21.501(b) to ensure the representation of user groups, resident property owners, and municipalities are those who are "adjacent to the Kenai River."

If you have any questions, please contact us at 283-8231.

CITY OF KENAI


James C. Bookey, III
Vice Mayor

JCB/clf

January 30, 2004

Honorable Tom Wagoner
Senator, Alaska State Legislature
State Capitol
Juneau, Alaska, 99801-1182

Dear Senator Wagoner,

I met you and your wife, Dorothy, at Diana and Jim Zirul's party this past New Year's Eve. We talked a short time about your home dry wall needs, SBS being closed on Sundays, and our new Home Depot being open.

I hear you have a keen interest in the long term health and well being of the Kenai River and are sponsoring SB-190 to legislatively add State-owned public lands to the Kenai River Special Management Area Plan (KRSMA). I strongly support your leadership in doing this. Even though I'm a member of the KRSMA Advisory Committee, I'm writing to you as a very interested private property owner and stakeholder in the economy of the Kenai Peninsula. I believe aggressive management of the Kenai River and Kasilof River watersheds is vital to the long term prosperity of our community. However, I would like to try to convince you to strengthen SB-190 by adding the state-owned public lands and waters in the upper Kenai River watershed, as listed in CS HB-165. Those lands and waters provide a significant portion of habitat and spawning areas for Kenai River sockeyes. I worry that leaving these upper River State-owned lands and waters in limbo risks sale and development or uncontrolled impacts on these habitats, to the detriment of the watershed and our economy. As you may know, CS HB-165 passed the House in 2001 essentially on a unanimous vote. For reasons unknown to me, CS HB-165 "died" in committee in the Senate in 2001 because of objections raised by your predecessor, John Torgerson. Since he is apparently no longer a factor in this matter, it seems likely that SB-190, if supplemented by the additional public land tracts listed in CS HB-165, with one possible exception, would be a non-controversial bill in both the Senate and the House. That possible exception could be the tract of land along the SW shore of Kenai Lake, which contains the Chugach Electric Association (CEA) aqueduct from Cooper Lake to CEA's power generating station. Since it seems that CEA could be concerned that designating this land as KRSMA might impact their re-licensing process, it

might be prudent to set that tract aside for now and concentrate on the rest of the upper watershed lands and waters that are not controversial.

For your information, I have sent a letter to US Senator Ted Stevens requesting he personally endorse SB-190, and a similar letter, with the recommendations and rationale above, to Senator Gary Stevens and suggested he join you in sponsoring SB-190. I have also sent similar letters to Representatives Mike Chenault, Kelly Wolf and Paul Seaton requesting they support your (hopefully supplemented) bill in the House. If all the pertinent State-owned lands are legislatively added to the KRSMA through SB-190, there is no doubt in my mind it would be a key milestone in contributing to the health and well being of the Kenai River, and provide long lasting economic benefits to the Peninsula.

Thank you for any response or action you may take on these requests. I have included a separate, short biographical sketch to help you understand my interest and involvement in the requests in this letter.

Sincerely,



Richard Hahn

P.O. Box 2754

Soldotna, Alaska, 99669

907-262-8575

email rdhahn@ptialaska.net

Cooper Landing Community Club

Since 1949---community center park, cemetery, rifle range recreation property, museum property,
Helen Rhode Memorial Park permit, ambulance and fire department property lease...

PO Box 508 Cooper Landing, AK 99572

February 3, 2004



At community center park, Bean Creek Road

At Snail-a-thon Beach (KAP Unit 390)

Tom Irwin, Commissioner
Department of Natural Resources
400 Willoughby Avenue, Suite 500
Juneau, AK 99801

Dear Commissioner Irwin:

After receiving several emails and two phone calls regarding Senate Bill 190, I brought this matter before the Cooper Landing Community Club members at the Jan. 29, 2004 meeting. I read the letter the CLCC wrote to Commissioner Shively Jan. 30, 2000 (copy enclosed) during discussion. The CLCC passed a motion to once again confirm our belief in the Cooper Landing Advisory Planning Commission's comments regarding the Kenai Area Plan included in the 1996 Cooper Landing Land Use Classification Plan For Borough-Owned and Borough Selected Lands. I will enclose a copy of that section of the plan. The focus of the attention was on section c on page 31 of 35 recommending that shoreline lands along Kenai Lake be included in the Alaska State Park System... These lands were not included in SB 190.

Sincerely,

Mona Painter, President

(907) 595-1248
painter@arctic.net

copies:

State Parks Kenai Area Supt. Degernes,
Kenai Pen. Borough Mayor Bagley,
Senator Tom Wagoner
Senator Gary Stevens
Representative Dan Ogg



COOPER LANDING COMMUNITY CLUB, INC.

Since 1949----Library, Park, Cemetery, Ambulance Squad, Dall Homemakers, Gun Club
P.O. Box 508 Cooper Landing, AK 99572

John Shively, Commissioner
Department of Natural Resources
400 Willoughby Avenue, 5th Floor
390

Juneau, AK 99801

January 30, 2000

re: Kenai Area Plan, particularly Unit

Dear Commissioner Shively:

We reaffirm the Cooper Landing Advisory Planning Commission's comments regarding the Kenai Area Plan in the Cooper Landing area which were written to Bruce Talbot and Nancy Pease of the Department of Natural Resources on May 11, 1995. These comments are included in our Cooper Landing Land Use Classification Plan For Borough-Owned and Borough Selected Lands adopted by the Kenai Peninsula Borough via Ordinance 96-37: An Ordinance Incorporating The 1996 Cooper Landing Land Use Plan Update as an Element of the Kenai Peninsula Borough Comprehensive Plan.

Unit 390, which includes lands between Snug Harbor Road and Kenai Lake in which our Snail-a-thon beach/community picnic site is located, is of particular concern to us since Kenai Peninsula Borough Mayor Dale Bagley has requested this state land be available for Kenai Peninsula Borough selection. We want this area kept for public access recreation, scenic value, and habitat protection. We do not want this land developed. The annual Snug Harbor Snail-a-thon is the biggest community fund raiser for support of the community park and the Cooper Landing Elementary School bringing in over \$45,000. through the years. Approximately 100 people gather annually on that beach for this one event.

Cooper Landing residents enjoyed the use of the Snail-a-thon beach/community picnic site even before the Snug Harbor Snail-a-thon began in 1980. This is one place on the Cooper Landing end of Kenai Lake that people can access without going through private property, a USFS campground, or through the power transmission line right-of-way. Residents who cannot walk from the Snug Harbor Road can be driven to the beach so that even physically challenged folks can enjoy this beautiful site.

Our affirmation comes to you through a motion which passed unanimously at our regularly scheduled meeting January 27, 2000. The meeting and agenda were publicized in advance.

Sincerely,

CC: DNH Talbot, DNR Loeffler, DNR Degernes,
Senator Torgerson Representative Davis
K. P. Borough Mayor Bagley
CLAPC Wilson

Mona Painter, President
(907) 595-1248
painter@arctic.net