

HOUSE / SENATE FINANCE COMMITTEE MINUTES - 1967-1982 2637

SENATE FINANCE COMMITTEE
Wednesday, March 26, 1975
1:30 p.m.

Sub-committee for Justice: Senator Ray; Senator Butrovich; Pat Wellington, Public Safety; Richard L. Burton, Public Safety; Vona Hall, Public Safety; Mike Clemens, Budget & Management, Department of Administration. PRESENT
JUSTICE

Sen. Ray called the meeting to order and read from his budget book figures for the following categories.

Department of Public Safety

DEPT. OF
PUB. SAFETY

Prevention of Crime

Prevention
of Crime

The Department and the Committee were in agreement on the figures.

Enforcement

Enforcement

Detachments & CIB

Detachments
& CIB

The Department and the Committee were in agreement on the figures. Sen. Ray mentioned that under Personal Services, the difference between their figures and the Committee's is that the Department rounded their figures out and the Committee did not. This made a difference of about \$182.

Sen. Butrovich asked what the additional position was. It was answered by Sen. Ray that the position was the University of Alaska trooper.

Division Headquarters

Division
Headquarter

The Department and the Committee were in agreement on the figures.

Narcotics

Narcotics
Unit

The Department and the Committee were in agreement on the the figures. Sen. Ray asked the Department to describe "specialized equipment" listed under the Equipment category. It was explained that this is monitoring equipment for officers in the field.

Detachments & CIB (PLI)

Detachments
& CIB (PLI)

The Department and the Committee were in agreement on the figures.

Administrative Services

Adm. Services

Records and Identification

Records &
Identification

The Department and the Committee were in agreement on the figures.

Laboratory Services

Laboratory
Services

The Department and the Committee were in agreement on the figures. Sen. Butrovich asked why there was such a big difference under Contractual, an increase of \$21,500. It was explained there was an increase in the number of tests made by the Alaska Medical Lab. at the University in Anchorage. These are tests not done by the FBI. Only the lab in Anchorage can do this and testify in court.

Central Communications

Central
Communications

The Department and the Committee were in agreement on the figures.

Housing Program

Housing
Program

The Department and the Committee were in agreement on the figures.

Pat Wellington, referring to Contractual, explained some problems the Department was having in the housing program. At the present most of their people are living in trailers. The Department charges rent that is higher than other Departments, about \$285 - \$300. The Division of Aviation charges only \$100. Last year there was an increase in heating fuel and they had to get a General Fund subsidy for the toopers. This year they have requested additional money to subsidize the housing program. The Department feels that they should not raise the rent.

Sen. Butrovich noted that Sen. Ray had made a notation in the budget book asking why do program receipts decrease and General Fund increase. Mr. Wellington said this is the subsidy to help pay the rent.

Sen. Butrovich asked Pat Wellington to give the Sub-committee a memorandum explaining the rent situation in detail.

Office of the Commissioner

Office of
the
Commissioner

The Department and the Committee were in agreement on the figures.

Commissioner Burton referred to the \$293.3 ASHA rent under Contractual. This is for the new Court building. The Department has made arrangements not to move, but to remain in the Public Safety Building. However, they would like to put some money to use for lease/purchase facilities in Fairbanks that will last 10 - 15 years. Their present lease in Fairbanks will be up on February 26. Something should be done during this construction season. They expect the present rent to double.

Mr. Clemens informed the Commissioner and the Committee that the money allocated for ASHA rent in this budget cannot be used for other purposes. The money has already been committed for ASHA. If it is not used in this budget it will have to be moved somewhere else.

Sen. Butrovich asked the Commissioner to give the Sub-committee a memorandum explaining the situation.

Research and Planning

Research &
Planning

The Department and the Committee were in agreement on the figures.

Under Contractual, Sen. Butrovich asked for a description of (\$16,400) OTHER unidentified. It was explained that this was an interagency transfer of funds, from Research and Planning to the Department of Administration for data processing.

Training

Training

The Department and the Committee were in agreement on the figures.

Under Personal Services Pat Wellington mentioned that last year for the new academy in Sitka the one maintenance man and one custodial worker were under Contractual Services. They want these positions in Personal Services for the performance of routine janitorial services such as cleaning halls, etc.

Under Travel, Sen. Butrovich asked how they came up with their figures. It was answered that the increase is from two sources. The Department, in the past, paid for troopers going to and coming from the field out of the Enforcement budget. This was transferred to the academy budget for computation reasons. The other source is the inflationary costs of training courses for the permanent staff.

Under Commodities, Pat Wellington informed the Committee that there was one increase.... Last year the Department was

cut on the money for heating the building. They had to obtain money from the Federal Government. This was just an oversight, but this is the reason an increase shows this year.

Judicial Services

Judicial
Services

The Department and the Committee were in agreement on the figures.

Judicial Services - Pipeline

Judicial
Services -
Pipeline

The Department and the Committee were in agreement on the figures.

The meeting was adjourned at 2:45 p.m.

SENATE FINANCE COMMITTEE
Thursday, March 27, 1975
3:00 p.m.

Sub-committee for Justice: Senator Butrovich, Senator Sackett, PRESENT
Senator Ray, Arthur H. Snowden, II, Administrative Director,
Alaska Court System, Rich Barrier, Fiscal Officer, Alaska JUSTICE
Court System, Mike Clemens, Budget and Management, Department
of Administration.

Alaska Court System

ALASKA
COURT
SYSTEM
Courts

Courts

Supreme Court

Supreme
Court

The Department and the Committee were in agreement on the budget figures.

Trial Court

Trial
Court

The Department and the Committee were in agreement on the budget figures. Mr. Barrier stated, under Contractual, the Department could provide a further breakdown on the rent and utilities. Sen. Butrovich said he would like to know what the large costs were based on under Contractual. Mr. Barrier said that the figures were given to them by the Department of Administration to be included in the budget. A breakdown for each building is given in the Budget Book on page 33. He went on to say that the rent is based on occupancy but the maintenance is not. The bonds are paid on a July - July basis. These are mostly 15 year bonds. Sen. Butrovich said the Committee can pro-rate the maintenance but cannot pro-rate the rent. Mr. Barrier said that is correct.

Administration

Administra-
tion

The Department and the Committee were in agreement on the budget figures.

Municipal Courts

Municipal
Courts

The Department and the Committee were in agreement on the budget figures.

Sen. Butrovich asked about the large number of transfers being made under Personal Services. Mr. Barrier responded

that this is the number of city employees that have been doing Court work. Under the city supervision the workers receive city hours and have city pay scales and benefits. They are higher than the Court's. These people should be State employees under the State system. This would not cost the State anything; there is a statute charging the city for court services. Also there is a bill submitted this session deleting the statute requiring the city to pay for the court services. If the bill does pass, then the State would have to pick up the funding. Sen. Butrovich said he would like the Committee to receive a memorandum from the Department stating the above; that the \$43.7 will be reimbursed to the State by the city.

Court System (PLI)

Sen. Ray said that last year they were authorized \$135.8. Budget and Audit authorized this, the Committee did not. The Department and the Committee were in agreement on the budget figures.

Court
System
(PLI)

The meeting adjourned at 3:35 p.m.

ADJOURN

SENATE FINANCE COMMITTEE
Tuesday, April 1, 1975
1:30 p.m.

Sub-committee for Development: Senator Chance; Senator Sackett; Lynn A. Wegener, Administrative Officer, Community & Regional Affairs; Jack Chenoweth, Director, Division of Local Gov.'t Assistance, Community and Regional Affairs; Michael C. Harper, Deputy Commissioner, Community and Regional Affairs; Lee McAnerney, Commissioner, Community and Regional Affairs; Carl Gonder, Budget Analyst, Department of Administration; Carl Boston, Director, Rural Development Assistance, Community and Regional Affairs; Kevin Waring, Director, Community Planning Assistance, Community and Regional Affairs

PRESENT

DEVELOPMENT

Carl Gonder, Budget Analyst, Department of Administration spoke to the Committee on Surplus Property. He stated this is not funded out of General Funds. It covers all of its own expenses. If there is a surplus in one year it is carried over to the next year. There is no major increase in the budget request other than to take care of inflation.

DEPT. OF
ADM.

Surplus
Property

Senator Chance noted that the Department has requested a temporary position of stock handler while they have a permanent position empty. Mr. Gonder answered that she was referring to PCN 5042 on page 55 of the budget. This has been vacant since October 1973. The reason the position has been vacant is that there has been a downturn in the quantity of small items the agency handles in property from the Federal Government. There was no need for the position at that time and a freeze was placed on it. There is an upturn in small items anticipated in the next fiscal year and the Department would like to keep the position.

Senator Chance asked why they had the temporary position to fill.

Alison Farnan informed the Committee that both positions are now vacant and the temporary position is to handle the other position. Mr. Gonder explained further that a lot of these positions are seasonal. They depend on how fast the Federal Government lets go of surplus property.

Commissioner McAnerney read a budget summary on development to the Committee. A copy is attached for the record.

DEPT. OF
C&RA

Senator Chance referring to page 67 of the short forms asked about the increase in positions in the Commissioner's Office;

Administra-
tion
Off. of
Commissione

what was the Special Assistant to the Commissioner? It was answered that the position was actually for administrative services. The Assistant to the Commissioner was deleted. The position was requested by the previous administration.

Senator Chance asked if the position was needed. Commissioner McAnerney answered that it was originally planned to have the position coordinate projects between two or more State Agencies and Federal Agencies. Also this position was to handle legislative activities within the Department. Since then they assigned the legislative-type activities to staff of State Economic Opportunities.

Senator Chance noted that there was a good increase in travel. It was the feeling of the present administration that the previous Commissioner was derelict in traveling as much as he should. There are local boundaries hearings, etc. that should be attended. The present administration feels it is important that either the Deputy Commissioner or the Commissioner attend more of these meetings. They have recently attended this type of a meeting in the bush. They receive many requests to attend hearings from the villages for members of the Department. Also, there is \$100,000 for the inflationary factor. This takes into consideration hotels as well as airplane fare.

Sen. Chance asked if the increase was 20%. The response was yes.

Sen. Chance then asked whether these meetings were mainly planned by the Department or by other groups. The response was that some originate from the Department, but the requests are mainly from outside groups.

Sen. Chance noted that two clerk typist positions were vacant in Administrative Services.

[Sen. Hohman arrived - 2 p.m.]

Lynn Wegener responded that only one position is vacant. Both positions had been filled since the completion of the budget. One is filled permanently, the clerk typist 3 left and they are currently recruiting for this position.

Sen. Chance referred to the position in the Anchorage office, the Administrative Assistant under Administration and Support. This is the Anchorage to Juneau position. The response was that this individual is responsible for following contractor awards and following the finance regulations. The Department will be bringing him down to answer general inquiries for

the Anchorage office. Sen. Chance asked why this couldn't be done by the people traveling up to Anchorage. Lynn Wegener mentioned he would be making one trip up.

Sen. Chance asked where the Anchorage Office was located. It was answered that the office was located at 515 D Street, Anchorage. The office handles mostly economic development and RDA. They are asking for seven more people. This would come to a total of 15 positions in Anchorage including the present positions. The present positions total eight.

Sen. Sackett asked what the reasoning was for staff in Anchorage.

Michael Harper responded that most of the activities are generated from westward Alaska than from here. It is much more reasonable to have the travel originate from Anchorage than from Juneau. They provide assistance to the Eagle River area, etc. This office assists second class cities. Actually it is sort of a Regional Office. The Commissioner added that a lot of their work is with the Anchorage and Fairbanks areas and along the rail belt. The Department needs people there that are familiar with the problems.

Sen. Sackett asked what was the reason in Administrative Support for the high vacancy turnover. Lynn Wegener responded that one position was an administrative officer and the other a clerk 4; the Director and secretary. Part of the vacancy was due to time lags in reclassifying the positions. It took four months for the personnel position to continue her education. In two of the positions, the people were in the office all of the time. Sen. Sackett reading from Sen. Ray's blue budget book stated that the turnover was indicated as \$38,441. This is a high percentage. Mr. Wegener answered referring to page 670 of the red budget book that his figures indicate it is \$26,000 for a total of over \$200,000. (It was noted that Sen. Ray's figures were from September 1, and the figures may have since changed.) The Deputy Commissioner's salary is \$2,900 a month and it was vacant for two months. The secretary's slot was also vacant for two months.

The Committee brought up the budget of Agricultural Lands Exemption. Jack Chenoweth told the Committee that this was a tax relief for lands to keep them in agriculture and to avoid letting them fall into the hands of subdivisions. The budget has increased \$620,000. There was a revenue loss of 12% in FY 75 and 12% for FY 76. Page 563 of the red budget book was referred to.

Agricultural
Lands
Exemption

Sen. Sackett asked if the legislation says that the State of

Alaska must pay the difference. Mr. Chenoweth answered that the State pays tax losses to the municipality. Sen. Sackett asked what would happen if the State did not pay. The response was that you would have the municipality on you.

Sen. Sackett asked what the definition of agriculture was. Mr. Chenoweth stated it is the definition given in the statute.

In answer to another question Mr. Chenoweth stated that they did not know what the municipalities were asking in claims in terms of acreage. The applications will not be granted by the municipalities until the millage rate is set.

Alison Farnan asked if you increase the 161.965 by 12% it comes to 181.500. There is no contingency? The answer was no.

Sen. Hohman asked if there had been any expenditures? The answer was no.

Mr. Chenoweth went on to explain that the mill rate can only be computed late in the fiscal year. The municipal budget must be agreed to by various governing bodies. The tax is the same straight across on all of the property. The agricultural lands cannot be maintained because of the increases, so the agriculture people must at times sub-divide. If a person does decide to sub-divide, the owner must go back and pay the back taxes. An individual, to gain exemption, must be earning 10% of their income in the agricultural use of the land as defined in the Statute. Other than this, there is no distinction between applications. The rates are based on assessments. The assessment is lower on farm use than it is in residential areas. However, if there is development in the immediate vicinity of farm lands the assessment will rise.

The Committee turned the discussion to the Local Boundary Commission. It was noted that there was an increase in travel due to the inflation factor. Also there is a lot more travel because of the number of requests for boundary changes. Part of the BRU increase in travel is from the standard per diem increase for Commissions and Boards. The other \$4,000 is mainly from inflation. The travel would involve work in rural communities in connection with the Alaska Claims Settlement Act. This would involve identification of real estate under selection. They have had a number of inquiries from villages concerning incorporation into second class cities. The villages want to do this in order to avoid having the State handle the 200 acreage in trust as determined by the act. The Department would be dealing with

Local
Boundary
Commission

the boundaries of the proposed cities. Some of these trips will have to be by chartered flights. They may have to double the number of hearings this year; however, they will be stringing as many together as they can in order to cut down on the expense of travel.

The Committee took up Local Financial Assistance. Mr. Chenoweth Local stated that on the city reclassifications this is simply a Financial matter of upgrading second class cities to first class cities. Assist- This is done by local action. It is a petitioning action handled ance locally. The cities would become school districts under law and would obtain a minimum of \$25,000 from the State. They have had eight - nine requests for reclassification this year. In response to a question concerning borough organization into a city in rural Alaska, he stated that this would be difficult and expensive. First, all of the property would have to be assessed and this is costly.

The Committee took up Local Government Assistance next. Local Mr. Chenoweth said that when the budget request unit was prepared Gov't. it was anticipated that the Governor would request the continu- Assist. ation of the Pipeline Act. In the impact BRU, rather than request new positions, they would transfer the PCNs over. This is only clerical staff. They have one secretary and one-half clerk typist. They find it necessary to hire people without experience because of the job locations. Much of their work is involved north and west of the cities. They are reprioritizing-- they need adequate clerical support here; and they need the establishment of an Anchorage office.

Sen. Chance asked if the Local Government position 3 was vacant. The answer was that they had no vacancies. Sen. Chance noted that there was one vacancy since March 1973, is it filled? Mr. Chenoweth answered yes, it was filled in the middle of last month. When the Department was transferred from the Office of the Governor to CRA, there was one local Government Specialist. He did not qualify for that position. He was held in a temporary position.

Their priority would be for secretaries. They would like to fill the position with a clerk typist 3 so that they would not lose that person. Sen. Chance asked if this position would be transferred out of the pipeline grants. Mr. Chenoweth answered no. The clerk typist 3 is an add-on. They need someone to transcribe boundary hearings for instance. They are asking for a total of three clerk typists and a secretary 1 in Juneau.

Sen. Sackett referred to control code no. 300 on page 478 of the red budget book. Mr. Chenoweth stated that this was \$7,500

a month and up for long distance telephone calls.

Sen. Sackett asked, under contractual an inflation factor of 30% is given, how do you arrive at this? Mr. Chenoweth answered that the figure is received from the Department of Administration. This is applied to only line item 480 for the entire amount.

Sen. Hohman noted that the positions, Local Government Specialists 4's, there were two but there is a difference in the annual salaries. Mr. Chenoweth answered this is \$1,160 if split between this BRU and the Boundary Commission.

The Committee took up Local Planning Assistance. After a lengthy discussion, the Committee requested backup material from the Department to clarify Commodities, Contractual, Travel, and Personal Services.

Local
Planning
Assist.

National Forest Receipts was discussed next. Lynn Wegener informed the Committee that the Federal Government collects total cutting fees within the State and the State receives 25% of the fees collected. This amount is shared with the unified governments and boroughs within the Chugach and Tongass forests. This is shared equally to forest service land within the boundaries. The request is based on projections by the U. S. Forest Service. they provide an estimate each year for the cutting of trees. The percentage of the boroughs are applied to the total dollar amount and then the dollars are distributed to the boroughs. It was asked why the Federal Government shares with the State 25% of the receipts. Mr. Wegener answered this was established by a Federal Act.

National
Forest
Receipts

A 5-minute recess was called.

AFTER THE RECESS

3:30 p.m.

Revenue Sharing was brought up for discussion. Jack Chenoweth stated there are two elements of the request. Under Personal Services, Local Government Specialist 4 and Clerk 4 were budgeted this year in Administrative Services and carried over. The Governor's office, rather than grant the positions asked that they be transferred. Only two of the positions are funded, Local Government Specialist 4 and one clerk. The transfer will come out of the pipeline BRU.

Revenue
Sharing

Carl Gonder mentioned that page 580 of the red budget book had been amended. Alison Farnan read the following corrections

under personal services for the short forms. Reading downward they are: 3.0, 9.0, .5, -0-, total 47.3. There are two positions, Local Government Specialist transferred from the Pipeline Discretionary Grant BRU and Clerk 4. She went on to say that the Governor's analysis sheet and the original form 4 had neglected to back out one position.

Sen. Chance referring to page 364 of the red budget book mentioned to the Committee that this program was being abolished and the positions were being transferred over to Revenue Sharing. She wanted to know how page 65 of the short forms would be broken down to indicate which positions were being transferred. Mr. Chenoweth answered that the third position is being abolished.

Sen. Hohman asked if the Local Government Specialist I was being transferred over from the Pipeline BRU. The answer was yes. Sen. Chance asked if the travel and contractual allocations for this position would also be transferred. Mr. Chenoweth answered, roughly they will transfer a little less than one-half of the total amount that was for two positions.

Sen. Hohman inquired if the monies had to be spent within the categories in which they were allocated. Mr. Chenoweth replied that the law does not require the municipalities to use the funds for only the categories specified except for the categories of hospitals and health or the fire department.

Sen. Hohman asked if they intended to change this policy and specify that the money be spent in only those categories to which they were allocated. Mr. Chenoweth stated that he did not anticipate any policy changes.

The Rural Affairs Commission was discussed. Sen. Chance asked how many members were on the Commission. The answer was 56. She asked if the Commission was more effective with the 56 members that with a minimum of 25. Clark Boston answered that it was his opinion that it was more effective with 25 members. Consideration is being given to reducing the membership. Only 26 - 30 members attend the meetings.

Rural
Affairs
Commission

Sen. Chance asked when their last meeting was held. Mr. Boston answered that it was held on December 8 and before that in April. About 19 people attended the meeting in April. Sen. Chance asked how many members planned to attend next year. Mr. Boston responded that it would be up to the chairman of the Commission.

The number of resolutions passed concerning effective government

policy was asked. The answer was four.

Sen. Chance asked how long the meeting lasted. Mr. Boston answered it was held in conjunction with the AFN convention which lasted four days. Their meetings actually lasted about four hours.

Mr. Boston went on to say it was their intent to cut back on the membership of the board and to set up a more frequent meeting schedule. Presently the memberships are 4-year terms. About half of the memberships expire this year. They are thinking of increasing the number of meetings a year to four, perhaps on a quarterly basis.

Senator Rader asked the nature of the resolutions passed. Mr. Boston responded that one was on communications and another on the Right-of-Ways along rivers. He could not recall what the other two were.

Sen. Hohman asked what requirements had to be established to be members of the board concerning residence, etc. Mr. Boston replied that the board was comprised of a broad spectrum of the populas of the State and they do require long term residence.

RDA Administration was taken up. Page 689 of the red budget book was referred to. Sen. Chanced asked who handles the work presently for which you are asking a clerk typist 3 in Fairbanks. Mr. Boston answered that it is currently Federally funded and is under Federal contracts. This comes under the Comprehensive Employment Training Act. Sen. Sackett asked if they will continue receiving those funds. Mr. Boston answered yes.

RDA Admin.

RDA Grants was taken up. Copies of how the grant program was distributed were given to the members.

Rural Dev.
Grants

The meeting was adjourned at 4:15 p.m.

ADJOURN

DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS

BUDGET SUMMARY - DEVELOPMENT

The following summarizes the major changes in the development category portion of the fiscal year 1976 budget request for the Department of Community and Regional Affairs.

Pipeline Impact

All funding for specifically designed Pipeline Impact programs has been deleted. Any municipal requests for services or grant funds to meet impact related needs will be absorbed by the Department's regular operating budgets.

Rural Development Assistance

The request for the Rural Development Assistance Grants component of this budget represents a 20% increase to keep pace with inflationary increases in the costs of lumber, electrical supplies, building materials and freight. Approval of the request will allow a similar level of grant capability as the current fiscal year.

Agricultural Land Property Tax Exemptions

This request provides \$196,000 for funding of Chapter 90, SLA 1974. The program allows reimbursement to municipalities for ad valorem taxes lost through application for exemption on farm and agricultural lands.

Municipal Services Revenue Sharing

The request is based on full formula funding of the existing program. To properly allocate administrative costs of the program, the budget includes a transfer of a Clerk IV and a Local Government Specialist from other request units.

Local Government Assistance

Three new staff, two professional and one clerical support are requested to establish an Anchorage office, an initiative to respond more readily not only to inquiries from the scattered villages of rural westward Alaska, but also to lend the resources of the Division to the urban communities of Alaska's railbelt. Specialists assigned will be expected to have a working knowledge of applicable State statutes, local government administrative practices, and Division programs that each may maintain more regular contact with officials of the more populous cities and boroughs, respond generally to public inquiries, better coordinate with personnel of other agencies and institutions having interest in local government organization and affairs, and represent the Department, as necessary, in the discharge of its several program responsibilities.

Community Planning

This budget is designed to meet new federal program responsibilities, planning functions to be transferred from other State agencies and increasing demands for its planning services during a period of rapid state growth and development. A principal planner is requested to administer the non-metropolitan grant program to be transferred from the Division of Policy Development and Planning and to consolidate all the Division's grant management activities which involve receipt of \$290.0 in federal funds for matching grant projects with about 30 local governments. As State Coordinating Agency for the Federal Flood Disaster Protection Act of 1973, the Division becomes responsible for setting priorities for federal flood plain and natural hazard studies and for assisting local governments to qualify for subsidized federal flood insurance and federal grant and loan programs for housing and public facilities. A development planner is proposed to strengthen the Division's capacity of policy planning and planning evaluation of major resource development projects. A senior planner is requested to coordinate State participation in an interagency program to relate future land use needs of local, state and federal development agencies to sub-divisional survey plans mandated by ANCSA. Finally, a principal planner is proposed with primary responsibility for coordinating the Division's participation in the State Coastal Zone Program. General funds for this position will count as match for federal funds the State will receive under the Coastal Zone Management Act.

Administration and Support

Two new positions are requested to provide continuing support to the Department's operating divisions. An accountant in the Juneau office will have overall accounting responsibility for Departmental programs and complying with federal accounting requirements. The fiscal section has not increased since the Department was created in July 1972 and is currently comprised of an Accounting Clerk I and III. The requested Administrative Assistant will serve as general manager of the Anchorage office and will handle personnel matters, inventory control, purchasing, contracting activities, and other administrative functions.

grant
had under
this program

R.D.A. GRANT FOR FISCAL 1975
FUNDED

Akiachak #6	Power Plant Building	\$14,000.00
Anderson #21	Adult Ed. & Library facilities	10,000.00
Angoon #13	Electrification	5,200.00
Anchor Point #2	Fire Equipment Garage	15,000.00
Aniak #4	Community Building NIAAA	3,000.00
Ambler #9	Community Hall NIAAA	3,000.00
Akolmuit #3	River Bank Stabilization	10,000.00
Bristol Bay N.A.	Second phase Economic Development	10,000.00
Buckland #10	Community Building NIAAA	3,500.00
Circle #1	Community Hall NIAAA	3,000.00
Dillingham #11	Upgrade fire hall & build road	11,340.00
Elim #11	Bath house & laundry facilities	5,000.00
Fort Yukon #11	Sanitary land fill	10,000.00
Gakona #1	Land clearing for community hall	600.00
Gambell #8	Headstart Building & Freight	11,000.00
Healy #1	Fire Hall Completion	6,150.00
Healy Lake #1	Complete Community Hall	3,000.00
Homer #2	Public Works Shop Building	12,000.00
Houston #1	Fire Hall	12,000.00
Kake #11	Electrification	17,450.00
Kipnuk #7	Electrification	20,000.00
Klawock #11	Electrification	20,000.00
Klukwan #13	Electrification & Road	19,225.00
Kokhanok #8	Clinic & Community Hall	10,000.00
Kotzebue #11	Sanitary Land fill	10,000.00
Koyuk #9	Construct NIAAA Bldg.	3,000.00
Larsen Bay #5	Trans. of Materials NIAAA	6,000.00
Mekoryuk #7	Complete Community Hall	10,500.00
Mentasta 5B	Supplement Electrification	2,500.00
North Pole #2	Phase I Recreation facilities	8,000.00
Northway #7	Community Hall	5,000.00
Nondalton #10	Co-Op Store	20,000.00
Nulato #8	Recreation Hall NIAAA	3,000.00
Ouzinkie #5	Electrification	10,000.00
Palmer #3	Renovation Council Chambers	10,900.00
Port Graham #7	Community Hall NIAAA	5,000.00
Point Lay #1	Wind Generation	19,000.00
Ruby #5	Supplement - Generators	4,000.00
Russian Mission #4	Labor Alcoholism Abuse Center	2,500.00
Savoonga #9	Gravel Pads for Storage Tanks	5,000.00
Scammon Bay #9	Labor - Alcoholism Abuse Center	3,000.00
Shishmaref #1	Sea Wall & Supplement	20,000.00
Slikok Valley #3	Museum	7,200.00
Sutton #5	Wire Comm. hall & build fire hall	10,135.00
St. Paul Island #1	Freight for fire truck	900.00
St. George Island #1	Renovate Community Hall	9,100.00
Tenakee Springs #7	Phase II - Heliport	5,000.00
Telida #2	Community Center	3,000.00
Tetlin #9	Electrification	12,000.00
Tok #6	Second phase fire hall	10,000.00
Tooksook Bay #8	Multi purpose Building	18,000.00
Unalakleet #7	Emergency funds	20,000.00
Venetie #8	Complete Community Hall	6,000.00

PAGE 2

R.D.A. Grants funded Fiscal 74-75

White Mountain #8
Whittier #3
Yakutat #13

Bath House & Laundry facilities
Recreation Center
Renovate A.N.B. Hall

\$10,000.00
10,000.00
9,540.00

TOTAL EXPENDED

\$512,740.00

SENATE FINANCE COMMITTEE
Wednesday, April 2, 1975
1:30 p.m.

Sub-committee for Development: Senators Chance, Sackett Hohman, and Rader. Also in attendance were the following: Terry L. Miller, Division of Tourism; Robert Dindinger, Division of Tourism; F. A. Seymour, Alaska Visitors Assoc.; Kathy Schenker, Alaska Native Arts and Crafts Coop; John Stevens, Alaska Visitors Association; Richard W. Montague, Director, Division of Tourism; Carl Gonder, Budget Analyst, Department of Administration; Mel L. Hoversten, Director, Division of Communications, Department of Public Works; F. S. Honsinger, Director, Division of Agriculture, Department of Natural Resources; Gary Jenkins, Director, Rev. Audit, Department of Revenue.

PRESENT

DEVELOPMENT

John Stevens of the Alaska Visitor's Association read a statement to the Committee (copy included).

OFFICE OF
THE GOV.

Sen. Hohman mentioned to Mr. Stevens that he said the National economy is down, does this have a bad implication on tourism to Alaska? Mr. Stevens answered yes there are bad implications.

Tourism
Development

Frank Symour stated that more money was being spent in Fy 76 for more advertizement because of the Bi-Centennial program. There will be more competition for the State.

Sen. Chance refered to the proposed new positions in Fairbanks, the tourism development specialist. It was her understanding that there were temporary positions filled in Fairbanks at the present time, who was supervising these employees? Mr. Seymour answered that the supervision was being done by the Department of Revenue. This is the key center and it is run by the Department of Revenue. They do not provide good, accurate information by well-trained people.

In answer to a question, Alison Farnan stated that due to reorganization in the State Government there were new positions in International Airport Facilities. This represented a \$1,233.1 increase. Personal services and travel are the only changes. Carl Gonder informed the Committee that an entire new budget was submitted (it is hand numbered as opposed to print). This explains the conflicts between the red budget book and the short forms. February 15 is the revision date.

Richard Montague addressed the matter of Executive Order 37 and what it does to the Office of Tourism. The Office of Tourism is still in the Governor's Office. Order 37 has now been withdrawn as it is replaced by SB-225 as far as it relates to tourism. The bill physically moves the Division into the Office of the Governor.

The Office of Tourism basically has seven responsibilities. (1) Work with and provide assistance to each sector in developing tourism. (2) Coordinate State, municipal, and Federal Agencies. (3) Promotion and advertising. (4) Travel shows. (5) Community Awareness. (6) Providing financial guidance to the private sector as to where facilities can be built. (7) Matching Fund Program--this is a 50/50 community/State match for providing tourist attractions. These have been the responsibilities of this Office since 1961.

Senator Chance asked what was involved in State training. Mr. Montague responded it directs itself to Division personnel or other personnel in the State directly involved with tourism. It is difficult for personnel in the Division to keep in touch with the growth of the industry if they do not participate in it. This would require travel outside of Alaska to show travel promoters the attractions of Alaska. They would have to conduct familiarization tours. It keeps personnel updated in the developments in the tourism area. They are responsible for marketing and selling. It would be difficult to sell tours to Nome or Barrow if you have not been there.

Sen. Hohman noted that one of the programs was to attend private shows. He asked if this was very successful. Mr. Montague answered that it was. Throughout the summer there have been 40-50 shows across the country. The Division participated in about six. These were primarily in the fishing and outdoor recreation categories. This is a way of augmenting the print media and advertising. He went on to say that they anticipate attending six shows next year. However, the costs of going to the shows may force them to to go into only five.

Sen. Chance noted that in their presentation they mentioned legislation introduced to grant statute authority and provide grants for convention promotion. Are such grants presently made for this. Mr. Montague answered no. Sen. Chance went on to ask what the difference was in the convention promotion travel grants and the \$90,000 visitor attraction grants. Are they interchangeable. Mr. Montague answered that they are asking that the language of the statute be brought up to date. The program is for visitor attraction grant program. Presently

it provides statutory authority to provide certain things. The statute to be introduced would provide funding in three areas: (1) Visitor attraction, such as refurbishing totem poles, etc; (2) Help local communities state-wide in meeting their visitor problems; (3) In the area of funds assist agencies in better coordination. The Municipal League is introducing such a bill. It hasn't been introduced yet and it is not part of this budget.

Sen. Chance then asked, the \$90,000 that has been requested cannot be used to fund this? The answer was no, not unless the present language is altered. SB-225 mentioned earlier makes those changes and brings the Act up to date.

Sen. Chance asked in local government needs, how many grants were made on this? Mr. Montague answered about 37 at \$1,000 a grant. The maximum to be given was \$1,000. Sen. Chance asked if this route wasn't in conflict with what AVA was asking in State operation, or is this the same program. Mr. Montague answered that AVA's request is different and not included in this budget. AVA is talking about the generally felt need in industry for a more active program at the State level in visitor centers. At this time there is no funded program for visitor centers. This is not an ideal situation. It would be desirable to have State operated visitor centers in such places as the Anchorage, Fairbanks, and Seattle airports.

Sen. Sackett asked in personal services are you requesting any new people. Mr. Montague replied no. Sen. Sackett asked who was cut. The answer was that there was a decrease of eight positions and they are: PCN no's. 3020, Clerk 3; 3008, Photographer 2; 3009, Photographer 1; 3015, Convention Promotion Coordinator, 3004, Clerk Typist 3; 0009, Storekeeper WG6; 0007, Messenger 2; 0006, Clerk 1; 3021/22, two permanent part-time positions. Sen. Sackett asked John Stevens if any of these positions were related to his budget. The answer was no.

Sen. Sackett asked if there was a cut in the number of people, wasn't the increase of \$500,000 in travel a little high? Mr. Montague answered one reason for the increase is the funding of the Governor's Travel Advisory Board. They will have three meetings held, each \$3,000 in travel funds. Sen. Sackett asked them to submit to the Committee a report giving the exact amount of travel allocated last year and this year and the amount allocated to the Tourism Advisory Board.

Sen. Sackett continued, under contractual there was no back up material; in fees and services the Committee would need

the amount of present expenditures that are in maintenance. Last year you were authorized 763.4, this year it is up 784.5. The Committee would like to have some knowledge what was appropriated last year and what is continuing in contracts. Mr. Montague referred the Committee to page 29 of the budget, professional fees. Sen. Sackett said that this information was not detailed enough.

Sen. Chance noted that under personal services the agency was listing 8 full-time positions deleted in the budget program. However, if you add them up, there are 21 positions. You had 20 positions last year. Mr. Montague answered that the correct number is 21 full-time and one part-time permanent position plus temporaries authorized as needed. Carl Gonder referred the Committee again to the revised program resulting from the reorganization that Alison Farnan mentioned earlier. There were three positions involved with the Anchorage International Airport, and these positions were put back in. PCN no. 3020 is a full-time position and PCN no's. 21 and 22 are part-time positions. These came in under the revised program. The requested funds are on page 22a.

Sen. Chance asked what program does industry liason involve, and does it involve any contractual? Mr. Montague responded that his agency participated with Aviation programs. The annual marketing programs are held jointly. The publications are jointly with AVA. It is what the division does to make the industry and the traveling public aware of its activities. This program would also involve participation in travel shows. If, for example, posters were to be made for a travel show, the debt would be paid out of contractual funds.

Sen. Chance asked, in the Office of the Governor, how will the impact study for tourism be carried out? Mr. Montague informed her that the intent was to have it separated from the Division of Tourism. They would want a study of tourism to be independent. The Office of Policy and Development Planning would have the responsibility. They have done the previous studies. Sen. Chance asked what useful information would be obtained from this type of study. Mr. Montague answered that the division is looking for a new base line on tourism. The last study of this kind was done in 1968. This was to suggest ways in which the visitor industry could grow. Many of the goals that were established have been accomplished. What we are looking for in this study is to get some hard data on the contribution which tourism makes to Alaska and its communities. It would show what the effect is when government and industry spend funds.

Sen. Chance turned to the photo lab. There is a decrease in

in the staff positions, is the division planning to contract this. She also stated that the Committee wanted more backup material on this. It would be helpful to know what the costs would be. Mr. Montague answered that the division is spending \$60,000 a year now for two photographers, their salaries, equipment, rent, and travel. This is just the cost of the two photographers and the photo lab. He feels the division could receive the same services for less than \$20,000. The problem is that in order to market Alaska, the division needs a photographer for various areas of the State. It would probably be easier to buy the services in the various areas on an as needed basis.

Sen. Chance said she would like some backup in personal services. Where are the duties of the temporaries placed? It was answered that there are 48 months of temporary employees, this is used in a number of places. Traditionally they are used at Tok and Seattle. In past years that have been used in Prince Rupert and various other eastern communities and in Juneau during times when the mail load is heavy. Sen. Chance asked what the duties were in Tok. Mr. Montague answered that in the past the division funded the temporary position to the Tok Information Center to provide a person in the tour center 24 hours a day to give visitor information when people pass through. The same would be true in Seattle. In the tour center, part of the funding is from Labor and some of the people are from Tourism. This is a State facility run by the Department of Revenue. It is run as a common concern for five agencies.

Sen. Chance referring to the Anchorage Office, which of the 13 positions are being kept. Mr. Montague answered that the original plan was to transfer the Information Officer from Seattle. That position is vacant at the present. There would be a marketing coordinator in Juneau and one other from Juneau. (Refer to Form 11). PCN no's. 3014, 3019, and 3001. The Seattle position is 3001 and the position is vacant. There will be an increase in the salary of the Information Officer due to the fact that the salary level in Anchorage is higher than Seattle.

Sen. Chance referred to commodities. She noted the 15.1 listed under motor vehicle supply accessories. Mr. Montague said this was printed on the wrong line in the budget book. It should come down two spaces and be under stationery and office supplies. The figure is 15.2.

The Committee took up Remote Village Radio. Mr. Hoversten Director, Division of Communications, Department of Public Works, stated that this is basically a continuation of a program set up years ago. The largest percentage is strictly

DEPT. PUB.
WORKS
Remote
Vill. Radio

for the maintenance of the system in operation. There are a few requests from villages for new radios--\$25,000 worth of new equipment was put in the capital budget.

Sen. Sackett noted that the original request was for \$35,000 and it was cut down by \$10,000. Mr. Hoversten said they could live with this if the agency doesn't receive any more requests.

Sen. Chance asked if their division provided technical expertise for the Office of Telecommunications. Mr. Hoversten replied yes, for maintenance. Sen. Chance asked if his budget will be transferred into theirs. Mr. Hoversten answered that this is the way he understood it.

Capital: January 1 regular \$1.7 million budget, the regular budget last year was \$2 million. The bond that was thought to pass did not. This is a request from various agencies for new equipment. There are FCC requirements for communication on fishing boats to be met in January. This is in connection with single side band replacement.

Mr. Hoversten stated that one budget is for self-support of State agencies and the other request is communications for remote villages. Sen. Sackett asked where they were using single side bands. Mr. Hoversten answered on the remote village radios.

Agriculture - Administration was taken up by the Committee. Mr. Honsinger, Director, Division of Agriculture, Department of Natural Resources stated that the increases pertained to the Director and two clerical staff positions. The office is in Palmer. Last year there was a mixup. The Director was given two half-time clerks. One half-time clerk was for the Loan Fund. They are requesting that the half-time be full-time. They would like to give back to the Director his two full-time positions. The full-time clerk typist 2 position was approved for the Loan Fund.

DEPT.
NATURAL
RESOURCES
Administration

Sen. Chance noted the vehicle increase of 2.9. Mr. Honsinger explained that they submitted a vehicle request some time in the past. Someone turned a vehicle in. This year was the only chance they had of picking up the car and the division had to adjust the current year's budget to cover the automobile. The 2.7 is to cover the automobile in the current budget. Sen. Chance asked in your Form 14 travel, this is related to the 2.9 showing up in the short form. Mr. Honsinger answered that in the current year they had only \$100 for inter-agency of any kind. It wasn't budgeted for this year. They made some internal adjustments to cover the current year. Sen. Chance asked what type of

internal adjustments were made. Mr. Honsinger said the division took contractual monies that were extra to cover the milage and they used some of the travel funds. Sen. Chance wondered why if the division had contractual money that wasn't needed in the current year they were asking for an increase of \$4,000 in the FY 76 request. In FY 75 the division was authorized 16.8 and they took part of that money to purchase the vehicle, and now they are requesting \$20,000.

Mr. Honsinger stated that they have no contractual money for their contract with USDA. Years ago the division did their own statistical work. In 1960 USDA established a statistical office in Alaska and the division helps under a cooperative agreement. The division funds one-half of the office help.

Sen. Chance pursued what makes up the \$4,000 increase over last year when there was money you didn't need? It was answered that most of the increases were in the 1.4 in travel and 3.2 in contractual - the increase in the Simmons Building in Palmer. The building is the big increase. There was an increase in highway services.

Sen. Chance asked what the division did without under contractual in order to purchase the car. Mr. Honsinger did not know, they probably cut back on printing and other services. They are doing their own janitor work and have been for several months. This usually comes under contracting. The basic increase is inflationary. There is a 30% - 40% increase because of this factor in FY 76.

The Agricultural Loan Fund was brought up. Mr. Honsinger stated that this is where the adjustment request was being made to change the part-time clerk to a full-time clerk position. Aside from this request, the budget remains the same. They have a Loan Examiner 2 and one full-time account clerk and a new clerk typist position in this program. The request is pretty much the same as last year's. These are not appropriated monies. These are monies that come in from loans. It is self-supporting.

Agricult-
ural Loan
Fund

Sen. Rader inquired what the total appropriated funds were in the Agricultural Loan Fund for capitalization. Mr. Honsinger answered there was \$3,240,000 appropriated and they sold to Revenue \$700,000+. They operate on a little over \$1 million total capitalization.

Sen. Rader asked if the division sold loans to anyone besides Revenue. Mr. Honsinger answered no.

Native Claims Payment was brought up. The Committee was informed that this budget was being transferred from CRA in FY 76. CRA has the budget.

Native
Claims
Payment

The Plant Material Center was brought up next. Page 27 of the short form was referred to. Mr. Honsinger stated that this is a fairly new program. They have been with it for about three years. They are two years ahead of the original program. They have signed a cooperative agreement with the Conservation Agency. This is partially Federally funded under an Inter-Governmental Personnel Act. The division receives expertise from the Federal Government in personnel. The division pays the base salary it would have paid their own personnel and the Federal Government pays everything above this. This current year they were allotted their third agronomist. They are requesting two full-time permanent positions. They need a machine operator for farm equipment and a full-time laborer. They have requested two temporary positions for 4 months each. They did a little adjustment on it by Governor's review. They reverted one position back to permanent part-time. The division has a rather substantial amount of equipment requested for this year. Last year the center got into their first crops. This next year they will be in full production in plant material. The original stimulation was the pipeline. Reseeding was needed along the pipeline. Since then, other agencies (especially forestry) have come to the center. The center is going to be getting into reforestation along with grasses and grains. They will be the only tree farm in the State for reforestation. They need additional equipment for grain storage and additional equipment for shop maintenance.

Plant
Material
Center

John Sackett wondered why they had not asked for cold weather botanists. Mr. Honsinger responded that request had come from the University of Alaska who is working with their division in plant materials. The work would be more in rese rch than in plant materials. Theirs is not a research center, it is propagation.

Sen. Chance noted that there was quit a jump in equipment. Mr. Honsinger stated that much of this is going into FY 76 the biggest part is plant material acreage, storing grain produce.

Sen. Chance also noted that there was quite a jump in contractual services. Mr. Honsinger answered that there were a couple of pieces of highway equipment which brought the cost up substantially. One big item, \$15,000 under 340 was just furnishing the seed cleaning building new equipment. It is to be installed before the harvest season. Under 360

they had 10 acres cleared of scrub timber for approximately \$12,000. This would give us another 30 acres the following year. Equipment rent in 360 is up. They have to go in and upgrade the road system that is on the facility.

Sen. Chance noted that the division requested a copying machine under equipment for both the photo center and the materials center. Mr. Honsinger remarked that these facilities are 11 miles apart. He also called attention to the matter that under 490, Commodities, the fertilizers have gone up 200% in three years.

Small Grain Incentives was considered by the Committee. Mr. Honsinger told the Committee that this budget was requesting \$20,000. This will be the final year of a 7-year program. The first four years the request was approximately \$80,000. This current year it was \$40,000.

Small
Grain
Incentive

Sen. Rader asked how many people are recipients. Mr. Honsinger replied that there were a number of applications received, actually 62.

Sen. Chance noted that the division had under RP 75-204 transferred money from the Small Grain Incentive Program to the school. Is it legal to transfer grant monies into operation monies? Carl Gonder responded that as far as he knows, it has been done before. The level of authority for transfers of this type is with Budget and Management. Alison Farnan told the Committee that \$5,600 was transferred. Mr. Gonder informed Sen. Chance that he would have the question of legality investigated and get back to the Committee. The appropriation was made in line item 700. He went on to say that this was excess money. This is not money coming out some farmer's pocket.

Alison Farnan noted that under the revised program there was \$24,000 left from the \$40,000 appropriated last year. She asked Mr. Honsinger where this money was going. He replied that they had four bins outstanding and that they would be paid out by the end of this month. Alison asked out of the \$24,000 you will have money left after the payments? Mr. Honsinger said yes. She asked if this will lapse. Mr. Honsinger answered yes.

The Committee turned to State Fairs. Mr. Honsinger told the Committee that State Fairs operates on two types of funding. There is the matching program with State Fairs matching money donated with labor or supplies. They have to be incorporated and in good status with the Department of Commerce. They must provide the Department with receipts

State Fair

and matching 25% funds must be premiums on transportation of exhibits. For many years they received \$33,000 and it was shared by only four fairs. There are presently 11 fairs participating. The request is for 113.5 next year and on page 212 of the budget book in the 700 series, the fairs are requesting money for matching funds for operating. Two years ago any of the fairs 10 years old were eligible for \$12,000. Smaller fairs were eligible for up to \$8,000. Bethel and one other small community are asking for an increase in the money.

There is an Administrative Assistant 3 for FY 76 requested. This ties in with the operation of the fairs. We asked the Alaska Fair Association that they hold annual meetings and cooperatively set up capitalization budgets that are agreeable to all the members so they do not fight for funds.

Request 249 was cut by the Governor back to 207.5. They do not have anybody on the staff they feel is eligible to look at race tracks, etc. We can help the fairs with budgets and reports and such. If you appropriate money for capitalization of fairs you need qualified inspectors. The fairs have asked that we help them with staff. They do not know how to make out budgets or reports, etc. There should be somebody in the State to help.

Sen. Chance asked why this was under the Department of Agriculture instead of C&RA or Commerce. Mr. Honsinger responded that the original statute said industrial or agricultural. These fairs are tied into agriculture. When you get into capitalization funds, that is something else. His division can handle the operating type of area, the area of trouble is capitalization.

Sen. Chance asked if there was backup information justifying the requests of Bethel and Ninilchik which have doubled. Mr. Honsinger answered that they have to match the funds.

Sen. Chance stated that she would like the Committee to have information on the number of people that are attending these fairs.

The Committee took up Shared Taxes. Gary Jenkins, of the Department of Revenue, told the Committee that the sharing provisions of the taxes were set up by statute. The estimates are the amounts that the State will share with the various municipalities. The estimates are based on revenue sharing projections for next year. If they receive more money than the appropriation they must share it anyway.

DEPT. OF
REVENUE
Shared
Taxes

The meeting was adjourned at 3:55 p.m.

ADJOURN

ALASKA VISITORS ASSOCIATION

POSITION PAPER ON STATE OF ALASKA BUDGET ITEMS -- 1976 FY
PRESENTED TO SENATE AND HOUSE FINANCE COMMITTEES
ON OR ABOUT APRIL 1, 1975

THE ALASKAN OUT-OF-STATE VISITOR VOLUME HAS GROWN OVER THE PAST FIVE YEARS FROM 130,000 VISITORS IN 1970 TO A PROJECTED VOLUME OF 265,000 FOR 1975. IF THIS PROJECTED FIGURE IS REACHED THIS YEAR, AND WE HAVE EVERY REASON TO BELIEVE IT WILL BE, WE ESTIMATE THAT ALASKAN CITIZENS WILL RECEIVE \$50,500,000, IN WAGES FROM OUT OF-STATE VISITOR TRAFFIC. OF COURSE, THIS DOES NOT TAKE INTO CONSIDERATION INCOME GENERATED BY ALASKANS ENJOYING THE SAME SERVICES AND FACILITIES IN THE PURSUIT OF THEIR PERSONAL RECREATION IN OUR STATE. IF THESE "ALASKAN" EXPENDITURE FIGURES WERE DOCUMENTED WE BELIEVE THEY WOULD ADD AT LEAST 30% TO 40% TO THE VISITOR INDUSTRY DOLLAR VOLUME.

THIS CHANGE IN THE SIZE OF OUR INDUSTRY HAS BEEN BROUGHT ABOUT BY THE CONSTANT PROMOTION AND MARKETING EFFORTS OF PRIVATE INDUSTRY AND THE STATE. THE PRIVATE SECTOR IN THE 1975 CALENDAR YEAR WILL SPEND IN EXCESS OF \$4 MILLION IN MARKETING ALASKA. WHILE TOUR OPERATORS, AIR CARRIERS, AND CRUISE SHIP OPERATORS ARE THE LARGEST SPENDERS OF MARKETING MONIES, WE SHOULD NOT DISCOUNT THE LARGE NUMBERS OF LODGE OWNERS, HOTEL OPERATORS, AND INNUMERABLE BUSINESSES THAT SPEND 2 TO 5 PERCENT OF THEIR ANNUAL GROSS FOR MARKETING THEIR PRODUCT TO THE ALASKAN VISITOR. A GREAT DEAL OF THIS FINANCIAL EFFORT IS SPENT OUTSIDE OF THE STATE IN THE FORM OF DIRECT ADVERTISING DOLLARS, PAYROLL, AND PROMOTIONAL ACTIVITY. ALL THIS IS HELPING TO GENERATE ALASKAN TRAFFIC.

THE STATE OF ALASKA, THROUGH THE DIVISION OF TOURISM DURING THIS CURRENT FISCAL YEAR IS SPENDING, IN ROUND FIGURES, ABOUT 1/2 MILLION DOLLARS IN MARKETING, INCLUDING ADVERTISING AND PROMOTIONAL PROJECTS AND PRINTED MATERIALS. THE DIVISION IS SPENDING ABOUT \$200,000. ADDITIONAL FOR THE COST OF PROMOTIONAL STAFF AND RELATED PROMOTIONAL ACTIVITY.

WHILE OUR INDUSTRY IS INCREASING, ITS GROWTH IS NOT MUCH ABOVE THE NATIONAL OR INTERNATIONAL GROWTH RATE OF RECREATIONAL TRAVEL. WE, IN THIS HOSPITALITY BUSINESS, ARE CONFRONTED TODAY WITH SEVERAL PROBLEMS--SOME NEW, SOME HAVE BEEN WITH US FOR MANY YEARS.

FIRST, THE NATIONAL ECONOMY IS DOWN. WHILE WE DO NOT EXPECT SERIOUS REPERCUSSIONS ON THE ALASKA VISITOR INDUSTRY IN THE CURRENT CALENDAR YEAR, WE CAN ANTICIPATE NEGATIVE EFFECTS, BECAUSE OF THE NATIONAL ECONOMY, ON ALASKA'S VISITOR TRAFFIC IN 1976. ON THE OTHER SIDE OF THE COIN, WE KNOW THE EXPOSURE ALASKA IS RECEIVING IN NATIONAL AND INTERNATIONAL NEWS MEDIA DUE TO THE OIL AND PIPELINE ACTIVITY WILL BE A POSITIVE FACTOR IN THE DEVELOPMENT OF OUR TRAFFIC IN THE NEXT FEW YEARS.

MARKETING OF RECREATIONAL DESTINATION AREAS HAS BECOME HIGHLY COMPETITIVE. GOVERNMENTAL AGENCIES CONTIGUOUS WITH DESTINATION AREAS INVOLVED ARE SPENDING LARGER AND LARGER PERCENTAGES OF THEIR BUDGETS FOR THE PURPOSE OF FOSTERING THIS LUCRATIVE INDUSTRY. THE COMPETITION FOR THE AFFLUENT TRAVELER IS BECOMING PARTICULARLY KEEN. AND, IT'S PRIMARILY THE AFFLUENT TRAVELERS THAT COME TO ALASKA FOR TOURING AND ENJOYING OUR OUTDOOR RECREATION.

A SECOND PROBLEM AREA WE CAN READILY IDENTIFY IS OUR SHORT VISITOR SEASON IN ALASKA. OUR 90 TO 100 DAY SEASON IS OUR GREATEST DETERENT TO BUILDING NEW OR EXPANDING EXISTING FACILITIES AND SERVICES TO ACCOMMODATE ALASKANS AND OUR VISITORS ALIKE AS THEY RELAX AND ENJOY OUR GREAT

STATE. THIS PROBLEM IS OF A MAGNITUDE THAT CAN ONLY BE DEALT WITH IF THE STATE GOVERNMENT WILL PROVIDE THE NECESSARY LEADERSHIP AND PARTICIPATION.

A THIRD AREA OF CONCERN IS THE CURRENT HIGH DEMAND FOR ACCOMMODATION SPACE IN SEVERAL KEY COMMUNITIES, SUCH AS FAIRBANKS, ANCHORAGE AND VALDEZ. THE SHORTAGE OF SPACE IN THESE AREAS HAS PLACED AN EXTRA BURDEN ON MANY WHO WOULD MARKET ALASKA TO THE GROUP TRAVELER AND A POTENTIAL INCONVENIENCE TO THE INDIVIDUAL TRAVELERS WE WILL BE RECEIVING THIS YEAR. THE NEGATIVE LABEL OF "NO ROOM AT THE INN IN ALASKA" CAN SPREAD QUICKLY THROUGHOUT THE TRAVEL TRADE AND THIS LABEL COULD TAKE SEVERAL YEARS OF COSTLY INFORMATIONAL AND MARKETING EFFORT TO CORRECT.

WHILE IT IS TRUE THAT DURING THE SUMMER MONTHS SPACE WILL BE SHORT IN SOME OF THESE KEY SPOTS, WE HAVE MANY FACILITIES IN THE OUTLYING AREAS, SUCH AS LODGES, FISHING CAMPS, ARCTIC VILLAGES, AND SMALL COMMUNITIES, THAT WANT AND NEED ADDITIONAL VISITOR VOLUME. COMMUNITIES IN SOUTHEASTERN ALASKA, AND PARTICULARLY JUNEAU, ARE IN NEED OF ADDITIONAL TRAFFIC THIS YEAR AND 1976. OUR PROBLEM THEN IS ONE OF TRYING TO BALANCE OUR TRAFFIC TO FIT OUR ACCOMMODATIONS. ONCE AGAIN, THIS IS THE TYPE OF PROBLEM THAT CAN ONLY BE DEALT WITH EFFECTIVELY BY STATE GOVERNMENT. CORRECT AND ACCURATE INFORMATION TO VISITORS IN ALASKA, AS WELL AS DISSEMINATING CORRECT INFORMATION AND COORDINATING WITH TRAVEL AGENTS, CAN BE A VITAL TOOL IN LEVELING OUT AND DIRECTING OUR TRAFFIC.

A FOURTH AREA WE BELIEVE NEEDS ATTENTION LIES IN THE FUTURE DEVELOPMENT OF OUR STATE VISITOR INDUSTRY. MANY ALASKANS ARE CONSIDERING INVESTING IN THE VISITOR INDUSTRY. WE HAVE EXPERIENCED A DEVELOPMENT OVER THE PAST FEW YEARS OF A FEW MAJOR FIRMS WITH HIGH VESTED INTEREST IN OUR VISITOR TRAFFIC OWNED AND OPERATED BY ALASKANS. THIS TREND, WE BELIEVE, COULD AND SHOULD BE STIMULATED. ALSO, SEVERAL OF THE NATIVE CORPORATIONS HAVE ALREADY

BEGUN INVESTING IN HOTELS AND RECREATIONAL FACILITIES. NEW ACCOMMODATIONS IN BARROW AND KOTZEBUE ARE NATIVE OWNED AND SOUTHEASTERN AS WELL AS SOUTHCENTRAL NATIVE GROUPS ARE LOOKING SERIOUSLY AT INVESTMENT IN VISITOR RELATED FACILITIES AND SERVICES.

THESE PEOPLE ARE SEEKING ADVICE AND INFORMATION FROM THE STATE DIVISION OF TOURISM ON WHAT IS HAPPENING IN THE STATE VISITOR TRAFFIC, AND WHAT THE POTENTIAL'S ARE. MOST ALASKAN COMMUNITIES ARE INTERESTED IN STIMULATING THE VISITOR TRAFFIC BUT, THEY LACK THE DEVELOPMENT AND MARKETING KNOW-HOW ON A COMMUNITY-WIDE LEVEL TO PROPERLY DEAL WITH THE SUBJECT. THE STATE CANNOT DO THE JOB FOR THEM; BUT THE STATE CAN PROVIDE GUIDANCE AND COORDINATION.

WE NEED TO CONTINUE TO PROVIDE NEW INFORMATION ABOUT SOME OF THE PROBLEM AREAS AND OPPORTUNITIES THAT THIS INDUSTRY AFFORDS US TODAY AND FOR THE FUTURE. HOWEVER, LET US NOW TURN TO SPECIFICS THAT WE FEEL THE DIVISION OF TOURISM NEEDS IN ORDER TO BETTER FACILITATE THE STATE'S INVOLVEMENT IN THE ORDERLY GROWTH OF THE ALASKA VISITOR INDUSTRY.

FIRST, LET ME SAY THAT THE ALASKA STATE DIVISION OF TOURISM HAS A MULTITUDE OF TASKS IN THEIR STATUTORY DESCRIPTION OF RESPONSIBILITIES. MARKETING IS CERTAINLY THE PRIME ONE; THEY ARE ALSO DIRECTED, AND COULD AND SHOULD BE CONCERNED WITH, ASSISTING THE COMMUNITIES AND REGIONS IN THE STATE OF ALASKA IN PARTICIPATING IN THE INDUSTRY.

THE DIVISION OF TOURISM STAFF HAS NOT CHANGED IN THE NUMBER OF PERMANENT POSITIONS IN FIVE YEARS. IN THAT SAME TIME FRAME THE ALASKA VISITOR INDUSTRY HAS DOUBLED IN SIZE, AND THE NUMBER OF STATE EMPLOYEES HAS DOUBLED IN SIZE. WE RESPECTFULLY SUGGEST TO YOU THAT WITH THE HEAVY BURDEN OF RESPONSIBILITY WHICH THE DIVISION IS CHARGED AND WITH THE GROWTH FACTORS MENTIONED, IT IS TIMELY THAT A SIGNIFICANT ADDITION BE MADE TO THE STAFF

OF THE DIVISION. WE HAVE NO QUARRELS WITH THE DIVISION TRYING TO ECONOMIZE AND PERHAPS HANDLING MORE ACTIVITIES THROUGH CONTRACTUAL SERVICES OR OTHER SUCH CHANGES IN MANAGEMENT AS THE ADMINISTRATION MAY DIRECT; HOWEVER, WE BELIEVE IT WOULD BE APPROPRIATE FOR A MINIMUM OF FOUR NEW POSITIONS TO BE CREATED AND FUNDED EFFECTIVE JULY 1, 1975. AN OUTLINE OF THOSE POSITIONS AND THEIR APPROXIMATE COST IS AS FOLLOWS:

NEW POSITIONS FOR ANCHORAGE

TOURISM DEVELOPMENT SPECIALIST (RANGE 20) \$23,000.00.
RESPONSIBILITIES INCLUDE BUT NOT LIMITED TO BRINGING OFF-LINE OPERATORS INTO THE PACKAGE TOUR STREAM. WORK WITH COMMUNITIES AND NATIVE CORPORATIONS. COORDINATION WITH PRIVATE SECTOR IN MARKETING PROGRAMS. SERVICE AREA SOUTHCENTRAL ALASKA AND THE ALASKA PENINSULA.

INFORMATION OFFICER -- (RANGE 18) \$17,000.00
WORKING WITH MEDIA ON ALASKA FAM TRIPS PRESS LIASON, SUPERVISING STATEWIDE INFORMATION CENTERS ACTIVITY AND PARTICIPATION IN PUBLIC EDUCATION PROGRAMS SUCH AS ALASKA HOST.

SUPPORTING CLERICAL STAFF OF ONE PERSON. OFFICE SPACE AND ADDITIONAL TRAVEL COST WOULD BRING THE ESTIMATED TOTAL COST FOR THIS STAFF AND AN ANCHORAGE OFFICE TO \$75,000.00.

NEW POSITION FOR FAIRBANKS

TOURISM DEVELOPMENT SPECIALIST (RANGE 18) \$17,000.00.
RESPONSIBILITIES INCLUDE, BUT NOT LIMITED TOO, BRINGING IN OFF LINE OPERATORS INTO THE PACKAGE TOUR STREAM, WORK WITH BUSINESS COMMUNITIES AND NATIVE CORPORATIONS TO FACILITATE ORDERLY GROWTH. SUPERVISE INFORMATION CENTERS AT THE FAIRBANKS INTERNATIONAL AIRPORT AND TOK. SERVICE AREA INTERIOR AND ARCTIC ALASKA.

ESTIMATED TOTAL COST (ASSUMING SOME SHARED SPACE AND CLERICAL HELP WAS AVAILABLE) \$30,000.00.

A SECOND AREA THAT WE BELIEVE NEEDS TO BE FUNDED PROMPTLY IS A AMOUNT OF \$109,000.00 AS A SPECIAL LINE ITEM IN THE DIVISION'S BUDGET FOR THE PURPOSE OF OPERATING VISITOR INFORMATION CENTERS IN FIVE KEY POINTS.

STATE OPERATED INFORMATION CENTERS

TOK

FAIRBANKS INTERNATIONAL AIRPORT

ANCHORAGE INTERNATIONAL AIRPORT

SEATTLE MARINE HIGHWAY TERMINAL

PRINCE RUPERT

THESE FUNDS WOULD ALSO PROVIDE SUFFICIENT AND MEANINGFUL MATCHING GRANTS FOR ADDITIONAL HIGH VISITOR VOLUME INFORMATION CENTERS SUCH AS: HAINES, NENANA, SOLDOTNA, KETCHIKAN, JUNEAU, SITKA, AND OTHERS.

PUBLIC INFORMATION DISSEMINATION TO THE TRAVELER IN ALASKA IS AT AN ALL TIME LOW IN EFFICIENCY AND ACCURACY. OUR VISITOR VOLUME, BOTH RECREATIONAL, COMMERCIAL AND ALASKAN, HAVE REACHED SUCH PROPORTIONS THAT VOLUNTEER EFFORTS THAT HAVE BEEN MOST ABLY PERFORMED IN THE PAST ARE INADEQUATE TO DEAL WITH THE TRAFFIC. AS INDICATED EARLIER, IF WE DO NOT GIVE ACCURATE INFORMATION WE CANNOT FUNNEL THE RECREATIONAL TRAVELERS INTO THE NEEDED AREAS WHERE VACANCIES EXIST. WE DO NOT BELIEVE THIS IS THE ULTIMATE ANSWER TO THE VISITOR INFORMATION CENTERS. WE CONSIDER THIS A STOPGAP PROGRAM UNTIL SUCH TIME AS THE PROBLEM CAN BE INVESTIGATED THOROUGHLY AND A WELL DESIGNED STATEWIDE INFORMATION CENTER PROGRAM CAN BE FUNDED AND IMPLEMENTED.

IF THESE FUNDS ARE NOT PROVIDED IT IS OUR UNDERSTANDING THAT THE INFORMATION CENTER AT THE ANCHORAGE INTERNATIONAL AIRPORT WILL CEASE FUNCTIONING BECAUSE ITS CURRENT OPERATION IS A TEMPORARY LASH-UP FUNDED WITH CONTINGENCY FUNDS BY THE COMMISSIONER OF PUBLIC WORKS LAST YEAR. AT THAT TIME THE BOOTH WAS DUE TO BE CLOSED DUE TO INABILITY OF THE VOLUNTEERS TO KEEP PACE WITH THE LARGE VOLUME OF TRAVELERS.

INFORMATION BOOTHS ARE IMPORTANT "POINTS OF PURCHASE" FOR US. WE MUST NOT LIGHTLY SET ASIDE THIS VITAL FUNCTION. WE RESPECTFULLY REQUEST THIS FUNDING BE ADDED TO THE PROPOSED DIVISION OF TOURISM BUDGET.

THE ASSOCIATION HAS BEEN ADVISED THAT THE ADMINISTRATION HAS INCLUDED IN THE DEVELOPMENT SECTION OF THEIR CAPITAL BUDGET A LINE ITEM OF \$175,000.00 FOR THE PURPOSE OF CONDUCTING AN ECONOMIC IMPACT SURVEY ON TOURISM. WE ENDORSE THIS PROPOSED FUNDING. THE NEED FOR THIS STUDY IN OUR OPINION IS IN SUCH MAGNITUDE THAT IT RESTS AT THE TOP OF OUR PRIORITY LIST. WE SOLICIT YOUR SUPPORT OF THIS APPROPRIATION. OUR INDUSTRY, COLLECTIVELY AND AS INDIVIDUAL BUSINESSES, STANDS READY TO ASSIST IN THIS DATA COLLECTION EFFORT.

THE EXISTING STAFF IN THE DIVISION OF TOURISM HAS PERFORMED WELL IN THEIR EFFORTS TO FACILITATE THE PROMOTION OF TOURISM. WE WANT TO COMMEND THEM TO YOU FOR THEIR EFFORTS. NOW THEY NEED MORE HELP IF WE ARE TO RETAIN A HEALTHY VISITOR INDUSTRY.

WE HAVE RECOGNIZED FOR SEVERAL YEARS THAT TOURISM AND RECREATION HAS NEEDED MORE LEADERSHIP AND COORDINATION. THE INDUSTRY EXPENDED \$28,000 FOR COORDINATIONAL ENDEAVORS IN 1969 AND IN 1974 THE INDUSTRY CASH INVESTMENT IN THIS AREA EXCEEDED \$150,000. IN AVA DUES, CONFERENCE FEES AND SIMILAR ITEMS, NOT TO MENTION THOUSANDS OF VOLUNTEER MAN-HOURS AND THOUSANDS OF DOLLARS IN TRAVEL EXPENDITURES PAID BY PARTICIPANTS WORKING TOGETHER FOR THE COMMON GOOD OF THOUSANDS OF ALASKANS.

Now we are asking the State to participate more fully as a leader in this effort. Governmental agencies that deal with services pertaining to visitor traffic need to coordinate their efforts. The federal government is part of this. They control most of our major attractions, such as Mt. McKinley and Glacier Bay. The Division of Tourism can and should play the lead roll in pulling these elements together. This takes staffing, travel money and, most of all, the strong backing of the legislature.

Other state agencies, such as the Division of Parks, Fish and Game, Marine Highways, Highways, and Aviation must be encouraged and financially supported in "Alaskan Travel Coordination".

We would encourage the legislature to budget for an Interim Committee on Tourism and/or legislative participation in a Governors conference on tourism which we have requested the Governor to convene as early as April, 1976.

To sum it up, we are asking you today to add on to the budget:

\$105,000	FOR ADDITIONAL STAFF IN AN ANCHORAGE AND FAIRBANKS OFFICE. (DIVISION OF TOURISM BUDGET.)
\$109,000	FOR STATE OPERATION AND GRANTS TO VISITOR INFORMATION CENTERS. (DIVISION OF TOURISM BUDGET.)
\$ 6,000	FOR SEPERATE LINE ITEM APPROPRIATIONS FOR EXPENSES OF THE TOURISM ADVISORY BOARD. (DIVISION OF TOURISM BUDGET.)
\$ 10,000	FOR FUNDING FOR NEW SIGNS IDENTIFYING HISTORICAL AND SCENIC POINTS OF VIEW (THE SEEKERS LOGO). (DIVISION OF

PARKS BUDGET)

SUB-TOTAL \$230,000.

ALSO, WHAT THE LEGISLATURE MIGHT
DEEM NECESSARY FOR AN INTERIM
LEGISLATIVE COMMITTEE TO FUNCTION
DURING THE NEXT YEAR.

AND, WE SOLICIT YOUR SUPPORT FOR THE DIVISION OF TOURISM'S
BUDGET IN GENERAL AND THE FUNDING FOR THE ECONOMIC IMPACT
STUDY AS PRESENTLY INCLUDED IN THE ADMINISTRATION'S PROPOSED
BUDGET.

ON BEHALF OF THE 355 AVA MEMBERS AND THE THOUSANDS OF
ALASKANS THAT MAKE THEIR LIVING BY PROVIDING SERVICES
AND PRODUCTS TO OUR VISITORS I THANK YOU FOR THIS OP-
PORTUNITY TO APPEAR BEFORE YOU TODAY.

F. A. SEYMOUR
EXECUTIVE DIRECTOR

JOHN G. STEVENS
LEGISLATIVE CHAIRMAN

A. E. "BUD" HAGBERG
PRESIDENT

CHARLES Q. CONWAY
VICE PRESIDENT, STATE AFFAIRS

SENATE FINANCE COMMITTEE

April 3, 1975

1:30 P.M.

Senators Chance and Sackett.

Langhorne A. Motley, Commissioner, Department of Commerce; Lois J. Cook, Administrative Officer; Richard H. Eakins, Director, Division of Economic Enterprise; Lynn Wegener, Administrative Officer, Department of Community & Regional Affairs.

Present

Senator Chance called the meeting to order for review of the DEVELOPMENT budget category.

DEVELOP-
MENT

Referring to Native Claims Payments, Sen. Chance asked for an explanation of the program. Mr. Wegener said the appropriation requested was to cover payments into a fund as established by the Alaska Native Land Claims Settlement. Three different payments are covered under the Settlement: State of Alaska payments based on 2% of rents and royalties on state land; direct payments by the U.S. Department of Interior based on 2% of rents and royalties calculated on federal land; and a 5¢ per barrel payment into the fund. The cents per barrel payment was covered by state statutes, designed to eliminate liabilities sooner than under the Claims Act.

C&RA
Native
Claims
Payments

Developmental Loans: Lois Cook explained this program covered small businesses, individual commercial fishermen, and tourist facilities, and there was very little change anticipated in operating the program. Mr. Motley said Senate Bill 225 referred to this BRU, covering the reorganization of Economic Development. He noted a chart which showed 22 unrelated functions, and explained their proposal was to appoint one deputy to handle lending functions and one deputy to handle regulatory functions. Economic Development would be included in this program if S.B. 225 were passed, and the philosophy of the budget request was based on this proposal.

DEPT. OF
COMMERCE
& ECON.
DEV.
Develop-
mental
Loans

Returning to the subject of Developmental Loans, Mr. Motley said the department had a 7.5% delinquency rate on loans, and he listed the breakdown. Tourism had 11 loans, with two delinquent. Replying to questions, Mr. Motley said the State Development Corporation was not lending any more money at this time. Ms. Cook said she believed the fund was capitalized for \$1 million for tourism, with \$77,000 lent in 1974. An insignificant amount was generated, 1/2 of 1%. The increase in Contractual was due to ASHA rental, explained Ms. Cook, and several adjustments have been made throughout the category.

Senator Hohman and Bill Miles joined the meeting at 1:55 P.M.

Veterans Loans: Mr. Motley stated the delinquency rate in this program was running about 10%, which he did not consider acceptable. It was planned to put information pertaining to delinquent loans on the computer system to distribute to lending institutions. Sen. Chance said she was still concerned about a loan which was put into a bank, to which Mr. Motley replied this was a departure from normal procedure and he did not have an answer.

Veterans
Loans

Sen. Sackett questioned the R.P.'s. Mr. Motley said positions authorized and funded for last year were not filled by the previous Director of Veterans Loans. The department was attempting to fill the positions now due to the volume of work. The backlog has been reduced to 1-1/2 months. Ms. Cook added three major pieces of legislation last year created additional work for the department, and by October or November they could see the program could not be handled by the present staff. Based on generated revenue of program receipts, the additional positions were approved and filled. Sen. Chance noted two appraiser positions were vacant, to which Mr. Motley explained the Fairbanks position had just been filled and the department was attempting to fill the Anchorage position. Sen. Chance questioned two positions put into the budget due to passage of S.B. 386 last year, and positions were not specifically authorized. Ms. Cook said the basis for authorization for positions was the fiscal note attached to the bill, and the representative from the Division of Budget & Management agreed that when the legislation passed an appropriation was included. The fiscal note indicated two positions, and it was assumed the positions were approved when the funds appropriated were the same amount as on the fiscal note.

Economic Enterprise: Mr. Motley said adoption of S.B. 225 regarding the Department of Economic Development would result in the loss of one position. The Division of Tourism would go intact to the Office of the Governor, Economic Enterprise would go to the new Department of Commerce and Economic Development, and one commissioner position would be eliminated. Ms. Cook added one secretarial position would be eliminated also. Mr. Motley referred to another chart and explained the Director, Deputy Director, Development Specialists, etc., from Economic Enterprise would be taken from the Department of Economic Development, functionally and people-wise, and moved into the Department of Commerce. Commerce's existing administrative services would be raised due to the infusion of another division, but done with existing personnel.

Economic
Enterprise

Sen. Chance questioned the Silver Hand Program. Mr. Eakins explained two specific functions were handled by this program: promotion of the Silver Hand as a symbol of authentic native crafts, and technical assistance given to local artisans and village groups. \$15,000 from contractual services was planned for advertising, promotion, etc., since contractual funds were the only discretionary funds available. Mr. Eakins added the division could see the Silver Hand Program being phased out.

Sen. Chance questioned \$57,000 for a directory, and Mr. Motley distributed copies to the committee. He said the department was considering charging for the directory. The program used existing files from the Department of Labor, but paid for printing and publication costs plus the time and labor. Mr. Eakins said every state in the Union published a commercial directory, and there was a \$3.00 charge. Promotional material was mailed tailored to the nature of the inquiry, depending on the information requested. The document entitled Japanese Investment in Alaska was not a promotion release, but informational material.

Sen. Sackett noted personal services total of \$381.9, and asked how many positions and the V/T factor. Ms. Cook replied there were 16 positions with no V/T taken. Sen. Sackett questioned \$53,000 for travel, to which Mr. Motley replied seven development specialists were included. Their main function was field work, and inquiries were received from all over the state for aid in programs. Sen. Sackett requested a breakdown and analysis on travel for last year and the year before for the 16 positions. Sen. Sackett also requested a breakdown on communications, telephone, etc. Ms. Cook said this information would be supplied, and added there was a typographical error on code 380, form 15, component 1. Component 1 should read 79.1, component 2 2.0.

Sen. Chance asked if there was any overlapping in studies, to which Mr. Motley said they could not determine definite overlapping at this time. Replying to further questions, Mr. Motley said there was great pressure on the department to determine whether agricultural land would be preserved, and the study must be done now to see if an agricultural program would continue in Alaska. Mr. Motley added this would be done in Land Use Planning, and he thought it needed to be done this year.

Sen. Chance noted 400 travel authorizations processed (page 107B), and requested a breakdown on that figure. Mr. Motley added it appeared to be less than a trip per month per person.

Sen. Chance asked what had been done with distressed areas, to which Mr. Eakins replied Bristol Bay was such an area, and the department put together an overall economic development plan for them. Included was a tourism promotional package to determine the opportunity for tourism, but this did not conflict with the Division of Tourism, added Mr. Eakins. Mr. Motley explained the department was attempting to spread the economic base, and Ketchikan and Juneau were other cases in point.

Sen. Chance asked if it was necessary to attend the American Industrial Conference, and Mr. Eakins said it was not necessary but two functions would be accomplished. The Conference would offer publications and research material and present national industrial development data. Lack of funds prevented attendance this year, added Mr. Eakins.

Referring to the Office of the Governor, the committee had no questions about Policy Development & Planning.

OFF. OF
GOV.
Policy Dev
& Planning

Sen. Ray joined the meeting and explained the Tokyo Office provided Alaskans in Japan with help, promoted tourism to Alaska, and played a small part in the promotion of investment by the Japanese in Alaska. The representative from the Division of Budget & Management added the Tokyo Office handled thousands of requests on travel to Alaska by Japanese and distributed 45,000 travel brochures last year.

Tokyo
Office

The meeting adjourned at 3:00 P.M.

Adjourn

SENATE FINANCE COMMITTEE
Friday, April 4, 1975
9:00 a.m.

Members of the Committee present were: Senator Rader, Senator Hohman, Senator Butrovich, Senator Ray, and Senator Chance.

PRESENT

Also in attendance were Beaty Langnes, Executive Director, Bicentennial Commission; Elaine Mitchell, Alaska Public Radio.

Senator Ray opened the meeting to discuss the budget for Education, Bicentennial Commission.

EDUCATION
OFF. OF THE
GOVERNOR
Bicentennial
Commission

Beaty Langness of the Bicentennial Commission distributed American Revolution Bicentennial 1776-1976 Master plan (second edition) to the Committee members and made a statement. When the National Administration created the Bicentennial one of the primary goals was to forge a new commitment. The philosophy is in three themes comprised of Heritage - a look at the past; Horizons '76 - planning of the future; and a celebration of the present. The State Commission is operating within that framework. One of the national programs which the Commission encouraged in communities has been the Bicentennial. It means any community can be designated as a Bicentennial community. They need only adopt a project incorporating one of the themes of the Bicentennial. Bicentennial is being used as a vehicle all over the U. S. to confirm those principals.

Sen. Hohman asked if the Bicentennial had a list of projects. Ms. Langnes answered that there was a listing, it begins on page 16 of the Master Plan booklet. There is also a geographical index in the back of the booklet. She went on to say that \$251,000 was requested for project matching grants. The Governor's budget cut this back to \$110,000. These funds do not include the request for operating expenses.

Sen. Chance asked what the people's preserve was. Sen. Ray responded, a park.

Ms. Langnes further stated that so far they have had \$240,000 available through 1976. There is \$50,000 in Federal money. this is on a 50/50 match basis. It will be available only through the end of 1976. It is her understanding it is all of the Federal money the Commission will receive. For the current year there is \$40,000 for project matching grant.

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Sen. Ray observed that Juneau didn't appear to have a very ambitious program. Ms. Langnes said that Juneau has come a long way since the publication of the Master Plan. The city has plans on the actual renovation of the mining museum. Carol Duncan is the chairperson.

There are line items for the projects listed in the red budget book. The line items total \$150,000.

[Sen. Poland arrived - 9:15 a.m.]

The Governor has cut back their budget to \$110,00. The original request was for \$150,500. The Commission will now have to determine which projects will be funded and which ones will not. They will have to eliminate some line items. There are \$100,000 in projectects that have not yet been submitted, these will not be funded either.

Sen. Ray noted that \$172,415 was already committed from Federal funds. Ms. Langnes answered that of \$250,00 the Commission received in Federal money, \$37,000 has not yet been committed. Sen. Ray went on, you are considering \$235,915 in possible projects? The Governor's \$360,200 in grants? Ms. Langnes responded that the \$360,000 includes the \$250,000 Federal money and the difference is the \$110,000 from the Governor's budget for grants. Sen. Ray asked, these are all Federal monies that required a match. Ms. Langnes answered no, these are additional projects. Each community is furnishing its own match. Sen. Ray stated that this would total \$322,000.

It was stated that all but \$37,000 of the \$250,000 has been committed for Federal funds for projects already listed. They are listed in the full budget. The communities have furnished a match for every one of those projects. This is a 50/50 match.

Rich Guthrie explained that the \$275,000 Federal funds for the fiscal year require a match, but the communities must make this match. Ms. Langnes said this is correct. Mr. Guthrie went on, the money the Commission is requesting from the State is for additional projects that will again have to be matched by the communities.

Sen. Chance asked, instead of Federal funds for the local match, you are asking the State to match the local match on a 50/50 basis? Ms. Langnes answered yes. She further stated that the Commission has had well over \$2 million in requests.

Sen. Ray asked what the park was in Anchorage; there appears to be no funding requested. Ms. Langnes responded that this

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is the people preserve. The request is not formal. It is in the neighborhood of \$30,000. This may be cut by the Commission. The funds are to be used for a glass enclosed building or some sort of structure. Their total budget is something like \$500,000, but this will come from other sources.

Sen. Ray asked what would happen if they didn't receive the money. Ms. Langnes answered that the people would not get their projects. She went on to say the Bicentennial year will end beginning 1977. In June of 1977 the State Commission will self-destruct. The Commission will not reap any of the benefit; from the Bicentennial, only the communities will.

The Committee adjourned to a regular meeting at 9:25 a.m.

ADJOURN

4/4/75

SENATE FINANCE COMMITTEE
Tuesday, April 8, 1975
1:30 p.m.

Sub-committee meeting on Natural Resources. Members present: Senator Butrovich, Senator Sackett, Senator Rader, and Senator Poland (arr. 1:50), and Senator Hohman (arr. 1:40)

PRESENT

NATURAL
RESOURCES

Other people in attendance:

Charles Champion, Director, Pipeline Surveillance Office
Larry Mychou, Pipeline Surveillance Office
George Laurito, Pipeline Surveillance Office
Marian L. Hellen, Executive Office, Office of the Governor
Reva Lafavour, International Fisheries & External Affairs, Office of Gov.
Ralph Kimlinger, Director, Revenue Collections
Robert Pilcher, Manager, Department of Revenue
Guy R. Martin, Commissioner, Department of Natural Resources
Michael Smith, Director, Division of Lands, Department of Natural Resources
Harry S. Aase, Administrative Officer, Department of Natural Resources
William Sacke, Director, Division of Parks, Department of Natural Resources
George Hollett, State Forester, Department of Natural Resources
O. K. Gilbreth, Jr., Director, Division of Oil & Gas
Duncan Reed, Land Use Planning Commission

Sen. Rader called the meeting to order and asked the representatives of the Pipeline Surveillance Office to testify.

OFFICE OF
THE GOV.

Sen. Butrovich wanted to know how the monitoring of the pipeline was carried out from the Anchorage office. Mr. Champion said that the thrust of the pipeline program was divided into two areas: (1) Design review--this is engineering and technical data; and (2) In the field. They have at the present time a staff of 30. They will have 15-20 people in the field starting this summer almost continuously. In addition, they have a clerical staff.

State Pipe-
line Sur-
veillance

He stated that he wished to mention categorically the degree

to which the State is obligated for the funding of the program. How much is borne by the taxpayer of Alaska--their figures indicate tat 36.9¢ for every dollar spent on the pipeline will be borne by the taxpayers. This is over an 8-year period. If the 8% discount factor is applied to this, the figure is 20¢ for every dollar. This is the amount per dollar of what Alyeska is paying.

In addition to the request in the original budget, they are requesting an amendment to the budget to incorporate an additional \$75,000 to make a basic study for State stipulations for safety and environmental considerations for tankers in and out of the State waters. This would be jointly supervised by Commissioner Parker and himself. They will also be requesting two surveillance positions in the field. The reason this isn't incorporated in the budget is that it just came up. The level of operations of his office depends on the manner in which Alyeska operates. They will try to get these changes in in the next day or two. He mentioned that the Federal office which handles the same functions as his office is staffed with 135 people as opposed to his staff of 30.

Sen. Rader mentioned that he heard of a paper work backlog in this office, what is the status of this? Mr. Champion said this was mostly an experience factor. They didn't estimate correctly the amount of work it would take to issue permits, etc. on a project of this magnitude. It took time for his people to establish the need for getting paper in and out. This seems to be under control now. Sen. Rader said that on February 6 his division reported a 6-month delay. Mr. Champion answered that at the time of the report they indicated what delays might occur. After the report, Alyeska testified that they were 5-7 months behind. If everything goes perfectly between now and July, 1977 the project will get done on time.

Sen. Rader asked him what his estimate was of when the project would be completed. Mr. Champion answered three additional months. Sen. Rader stated that the completion now would call for 3-4 additional summer months; can they finish the project by adding three months at the end or will it fall in years because of the weather? Mr. Champion answered there is a weather problem, their estimates will run into 12 months. The warm weather ends October 15. Sen. Rader assumed that they would advise the Governor or the legislature when there would be substantial delays. Mr. Champion said they would. He also stated that he felt the State of Alaska should estimate what the delays are and what they will reflect.

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Sen. Sackett noted that the Governor had added six people; were these people already on? Mr. Champion stated they were local hire, yes.

Marion Hellen informed the Committee that the reason the six positions were deleted from this budget was that the Governor's Office requested that they be put in the Human Rights Commission budget. This was delegated to them and placed in their budget. The Human Rights Commission will be going out into the Union areas and the hiring areas to enforce local hire.

The Committee was informed that the prime increase in contractual was due to welding contracts on pipes. Alyeska did not have any welders. They have utilized the Federal Governments 3-party contractor for ad hoc services--ecological consultants.

Sen. Butrovich asked if they could defend the overtime. Mr. Champion answered yes. The people in the field will be paid on a straight 10-hour day basis with no overtime. Some days they will be working 12 hours and some days 15 hours, etc.

Reva Lafavour testified on the Fisheries Commission. Sen. Sackett asked if there were any new people. The answer was no. There were no further questions.

Fisheries
Commission

Marian Hellen testified on the Athletic Commission. There was only one \$2,500 change in this budget. There were no questions.

Athletic
Commission

The Committee took up Fish and Game Licensing with Robert Pilcher and Ralph Kimlinger testifying. Sen. Sackett asked if there were any new positions. The answer was no. There were no further questions.

DEPT. OF
REVENUE
Fish & Game
Licensing

The Committee took up the Department of Natural Resources, Commissioner Guy R. Martin made a statement. One of his concerns was the Division of Lands budget. They are asking for additional people for the addition of land use capability. This was presented as the Division of Lands budget early on. They are asking for a total of eight new positions; 5 additional positions were approved under rereview of their budget under the present Administration. The present Land Division Officer would be redesignated to head this land planning effort.

DEPT. OF
NATURAL
RESOURCES
Land Use
Planning
Unit

Next, he would like to discuss the Department as a whole. His early experience has indicated one of the greatest

problems they are having with the Department of Natural Resources is that the original intent of this Department was to function like their Federal counterpart. What the present Administration hopes to do, if legislation says the Federal government will allow the State to have a planning function, is to centralize the planning function. Ultimately they plan to take the eight people plus a person from the Division of Lands (Lands Classification Officer) and achieve departmental planning function. The responsibilities would be responding to sort of a work division plan in the Governor's Office in setting broad outlines, such as dealing with the North Slope over a 30-year time period. There will be broad guidance from the Growth Council and Division of Planning. From there they will go into management of lands.

The arrangement of Land Use Planning and the prior Administration was to allow the Commission to do some land classification assistance for the State. With the passing of the last Administration and the coming of this one, they must take on the realization that this is a State function not a Federal one.

Sen. Rader asked how the Coastal Zone management operation will fit in. Mr. Martin said that the ultimate answer would be in the form of legislation it takes. If the form is more localized as far as input, it would take the same kind of general guidance as planning. However, they may have a segregated entity.

There was a general discussion on Coastal Zone Management and on what authority the the Department held. Sen. Rader asked the Commissioner to give him a letter defining the authorities the division held in the unorganized borough in regard to public and private lands that they do not have and that Coastal Zoning would give them. He wanted this information on an interim, short-term basis.

Mike Smith mentioned that they were given planning authority in Title 38 of the statutes. Also, the Commissioner stated they were given authority in various parts of Agriculture, etc. Sen. Rader asked them to go back and dig out the division's authorities under various statutes for planning. He would also need a fiscal note on the cost of all this.

[Sen. Poland left at this point]

The Committee took testimony from William Sacheck, Director, Division of Parks.

Park
Management

Sen. Ray sat in on the Committee to ask questions of the

Director concerning sewage disposal facilities for tourists on the Alaskan highways and the poor conditions of comfort stations.

Mr. Sacheck informed Sen. Ray that the State Park System does not have any comfort stations in the Juneau area. The camp sites here are maintained by the U. S. Forest Service.

In answer to his questions on sewage disposal facilities, this is a matter of money. Presently, there is no pumping system in Alaska. Tourists must seek out private stations (gas stations, etc.) The division's budget can only provide basic facilities in the State.

Sen. Ray expressed his concern that this was a serious oversight on the part of the State. He requested that a fiscal note be sent to him giving him the cost of providing sewage disposal facilities.

Sen. Rader asked Mr. Sacheck what the division's definition of a maintenance level budget was. Mr. Sacheck answered this was taking care of existing facilities and compensating for increased tourist use. Sen. Rader referred to page 81 of the short forms and asked what the 305 in maintenance was for. Mr. Sacheck said there was an increase in personal services for salaries and an increase in vehicle mileage. This is the rental of vehicles from the Department of Highways. He referred the Committee to page 472 of the red budget book. The big increases were in the 100 and 300 series. The increase in salaries did not reflect an increase in people. They use tri-trades people. Sen. Butrovich noted that the reason for the increase in this particular category was given on page 492 of the red budget book. Mr. Sacheck pointed out that there was an increase in man months from 100 to 120 on page 81 of the short forms.

Referring back to page 472 of the red budget book to answer Sen. Hohman's questions, Mr. Sacheck told the Committee that the top line, 49.4 was the result of the increase in salaries of existing positions and the existing number of man months. The 25.2 is the expansion of the number of man months to the above positions plus two labor positions. Sen. Hohman asked you expanded two seasons and seasonal employees? The answer was yes.

Sen. Rader returned the Committee to the matter of a definition of maintenance. Mr. Sacheck said they were maintaining the same level of services for each touring person. Budget and Management agree with this term of maintenance. Sen. Ray

4/8/75

stated that he would agree with this up to 75%. He agrees with the increases in the man hours.

Land Management, page 21 of the short forms, was taken up with Harry Aase and Michael Smith. There were no questions concerning this page.

Land
Management

On page 23 there were two lease sales planned, what were those. Mr. Smith answered that this was considering the * Islands area. These leases are too far ahead.

Mineral
Leasing

There were no questions on page 43.

Hard
Minerals

Sen. Butrovich noted that there was a request for one new position on page 25. It was answered that the request was for an appraiser.

Land Mgt.
Central Off

On page 33 Sen. Rader noted that there was a backlog on applica-Water Mgt. tions of water rights. About 2,000. Mr. Smith said this was being reduced slowly. The rate of increase has ceased. What is needed is an additional position to handle the increased load, three professionals, and one support to work the backlog down. However, this is determined not critical at this time. If we must eliminate a number of critical areas this is one.

The question was asked, what are water rights? Mr. Smith answered it is the matter of working water and being guaranteed some tenure. They record the individuals right, each application, into perpetuit that the individual is guaranteed this water. The person does not have to come in and ask for this thing. There is no water problem yet, but trouble will be coming.

Sen. Butrovich asked on the Federal funding, are there any strings in this particular unit? He was referring to the 34.6 Federal funding. Mr. Smith said it must be matched on a dollar-for-dollar basis. The funds must be used for something in this particular category. Mr. Aase inserted that there are other things in this program that would qualify for additional matching money if it is available.

Mr. Smith, referring to page 35, mentioned that they are having a tough time keeping engineering people. This is primarily Cadastral due to the pipeline. Alyeska hires people away from the Department Eng. as fast as the Department can replace the personnel.

Sen. Butrovich referred to page 229/30 of the red budget book under line item 380 on both pages, there is quite a jump there. Mr. Smith answered that this had to be reduced by \$100,000 on the Governor's request. The feeling is that in the long

*Could not hear name of Island.

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Mr. Smith answered that they have been reduced by \$100,000 on the Governor's request. The feeling is that in the long run they will be paying more, however, at this time it is expendable. These are lands coming from the Federal Government under State Selection. This would cover surveying external boundaries on these lands. Sen. Butrovich asked from where are the monies being cut? Mr. Smith replied the money came out of page 230, item 380.

Sen. Rader referred to page 236 of the red budget book. He was wondering about the district office in Haines. Mr. Smith said this is a small regional office where the Division has two foresters. All of the harvestable timber is in this area. Because of transportation, they find it is more economical to have people located there. It is more of a local office.

Land Mgt.

Sen. Rader referred to page 237 of the red budget book and asked why no comparison was given with the prior year. Mr. Smith answered that when the program accomplishment was planned for this year they decided the measures used in the past years were not the right ones. The measures were changed and they do not relate to what was used in the past.

Adm./Land & Water

[Sen. Poland arrived at 3:10 p.m.]

Mr. Smith went on to say that page 37 includes the Administration's budget (referring to the bottom of the page, Maintenance level 20, and the Governor's recommendation of 28). This is the Land Planning Commission. This is where it is funded. After an analysis it was decided that this should be removed from this budget and put into the Commissioner's office so that it can address all five of the Divisional Offices. Presently this is in the Division's budget. Next year it will show up under the Commissioner's Office.

Adm./Land & Water

Sen. Butrovich brought up the matter of the off-set press under equipment. Mr. Smith told the Committee that this has been eliminated. On page 241 of the red budget book, Form 7 the third item reduces equipment. The printing press is a World War II salvaged printing press. They have contracted with other Agencies for its use. It is not a priority. Mr. Aase added that the \$1,500 a year is maintenance heavy; however, to contract these services, it would cost the Division about \$9,000.

The Committee turned to page 61 of the short forms and took up Fire Protection & Suppression. Sen. Rader said that apparently there is a new theory on handling the lands and that is to let them burn. If the fire is started by lightning

Fire Sup-
pression -
State

4/8/75

it is allowed to burn; if it is started by man, it is suppressed. Mr. Smith explained primarily the road system is considered at taking over the Federal program. The Division will be defending life and property. In remote areas they would be trying to determine where the fires are occurring and whether it is to the State's interest to put them out expense wise. Most of their thrust would be towards populated centers. Sen. Rader mentioned that most of the populated areas have some sort of fire department. He wondered if the area would be better served if the Division contracted fire control services with the local people.

Mr. George Hollett, State Forester, testified. The Kenai Peninsula was taken into consideration. He told the Committee that the Kenai area will have a 2-man office. This will be obtained with bond money. They will be going out to bid in two to three weeks. There will be two stalls for vehicles. These will be shared with the Division of Parks. They have a ranger who will have office space, and a forest warden who will have a place for a desk. The station will have its own public telephone. Presently the public must contact the Bureau of Land Management. The Division does get into contracts with the local population where they can. Right now these contracts are mainly around the Anchorage area.

The cost of the Kenai building is approximately \$150,000. It is 30' x 50', about 1,500 square feet. The occupants will be a crew foreman and eight laborers. Sen. Rader asked if the occupants would be there year-round. The answer was no. There will be one permanent forester later for fire suppression. This is a new position in this budget.

Sen. Rader asked, what type of two vehicles. The reply was a 1-ton truck with slip-on tank unit that would hold 300 - 500 gallons. There will be a storage unit for storage of fire tools. There is one pickup.

Sen. Rader asked how much the tanker truck would cost. Mr. Hollett answered that when the analysis was made the estimate was \$4,500; however, he would imagine the cost today would be closer to \$5,500.

Soldotna would be the location of the fire station.

Sen. Rader asked about contracting with the various communities in this area. Mr. Hollett said that the communities do not wish to serve areas outside of their boundaries. Sen. Rader said they were worried about their liability outside their own boundaries as far as insurance, etc. goes. The legislature could change this statutorily.

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Sen. Rader asked about fire suppression in the Bethel area. Mr. Hollett answered that there was no State ownership there. Sen. Rader asked what the State would do with fires where there were no roads. Mr. Smith answered that this service is contracted with the BLM. Sen. Rader asked, anything that requires air craft, BLM will handle? It was answered that only if the State makes a contract with them. Sen. Rader referred to page 360 of the red budget book, the analytical statement; this statement is wrong? "...notify BLM drop fire suppression program...."? It was answered that this is a correct statement. The Division has also met and talked with the BLM on separate contracts for air craft use. Sen. Rader asked if this was discussed in the budget. The answer was no, the areas discussed in the budget are strictly roadside areas.

Sen. Rader asked what their anticipation was for the total budget - total capital investment. The answer was \$1.5 million here in the operating budget. They are hoping \$2.7 million will take care of the capital improvement end of it (this is under bond). Originally they talked of \$1 million a year for three years but the bond came out with the above figure and this is what they are working with. The operating budget would be providing crew in the areas plus equipment.

In answer to another question, it was stated that the Division has a contract with the U. S. Forest Service to protect lands in most of Southeastern.

The Eagle River office was discussed. This office is a 10,000 ft. warehouse it houses a mechanical shop, a small office, etc. There are a number of people. There are about five permanent people operating out of this office a crew foreman and crew - total of 6). The crew is out of Anchorage.

Sen. Rader asked what the equipment would be for this year and for the final figure. Mr. Hollett answered that this year they have two 1-ton tankers and one 1.5-ton truck. A 5-yard dump truck. A 450 John Deer tractor. One pickup for the Forest Warden. All of this equipment they have. They will be picking up one trailer to move the tractor and two other pickups. This will come out of bond money. They were included in the bond.

He mentioned they have a facility at Nancy Lake in conjunction with the Parks Department. The operation there is identical with the operation at Talkeetna.

He informed the Committee that the operation described for Soldotna previously was for only the first year or two of operation.

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A breakdown of this operation was distributed to the committee members. The cost figures would be a little off because in wages they have gotten into the Tri-Trades.

Sen. Rader mentioned that if the local communities do not have a fire department, maybe this would be a way of getting them one. He asked what the Division was doing in Fairbanks.

Mr. Hollett answered that there is no protection in Fairbanks it is all in the outlying areas.

Sen. Rader asked the Division to prepare him a memo giving the first priorities of the BLM. He would also like contracts and use and the State's lowest priorities as far as letting the lands burn. He wants to see a curve. Mr. Smith mentioned this could not be done immediately because there is no information on the Capital move, etc. The BLM has assigned reclassification titles to lands which includes State lands under contract. State lands have always been the number one priority. Sen. Rader asked under their different priorities, they do not move the State lands at all under low priorities? The answer was that the BLM felt committed under the contract to sight all fires. Sen. Rader suggested they change the contract to indicate the level of fires. He wanted an estimate on the types of fires sighted. It was answered that last year there were 280 fires along the road system and all but two of them were man caused.

Sen. Butrovich referred to page 65 of the short forms, Fire Protection & Suppression-BLM. There was \$1,200,000 on credit at the BLM during 1974 and the Free Conference instructed the Division to go ahead and use the money before more money is budgeted to it. The money is down to \$197,000. They are coming back asking for a supplemental to pay the pressuppression bill. This billing is a 5-year average on the cost of suppression. If you do not have a fire, the cost involved is called presuppression. They take a 5-year average presuppression cost and total annual basis and this is the

Fire
Suppression-
BLM

Sen. Butrovich said he couldn't understand, in the red budget book there is an advance fire suppression and presuppression of 420 and this is in the Governor's budget. There was a supplemental and \$967,000 advance payment not authorized in the 1975 budget. Why request \$1,826.7? The answer was that this was meant to include the 1975 advance money in this budget, then this was taken out.

Mr. Aase mentioned that there was an important house bill pending. There is additional Federal money available that

requires matching. There would be provided \$285,000 if the house bill passed to provide the match. This is additional Clark-McNary funds that are available. Mr. Aase said the Division can not provide programs to receive money until the supplemental is received. Mr. Hollett pointed out that the advance presuppression amount will go down. They take the last 5 year's fire bills and take the average. As the State takes over the lands, it will go down.

Forest Management was discussed. Sen. Rader asked if their State Forester's office was located in Anchorage. The answer was yes. Mr. Hollett stated that Fairbanks was the highest money area. This is all white spruce. Anchorage is large also.

Forest
Management

Mr. Smith said that the Division of Lands is responsible for this BRU, it has a vast area of resources. The State lands in the Cook Inlet region have been hit by spruce beetles. This timber will be worthless in about 10 years. If it is to be harvested they will need manpower. The positions that they are requesting will be bringing in more money than they are costing the State. The State is very much extending themselves in taking on more responsibility. The land selection will increase in one fell swoop the number of records to be taken care of. They will need additional positions to keep the records. They will be requesting positions in the future. This year they will be taking stock and changing directions in many of their Divisions. They will be back to indicate what they will need to manage these resources.

Mr. O. K. Gilbreth, Jr., Director, Division of Oil and Gas testified before the Committee. Page 51 in the short form was referred to. Mr. Rader informed Mr. Gilbreth that the Committee would need the work load of his Division quantified between the present and past years. For example the number of wells. He wants an inventory of the Division's operations before the matter is taken up in the full Committee.

Oil & Gas

Sen. Rader noted that it is pretty much a maintenance budget. Mr. Gilbreth responded that it was actually below maintenance. They are having problems getting the people--there are shortages in trained well personnel throughout the world and this State is not competitive.

Page 59 of the short forms, Oil Gas Royalty Bond was taken up. The Board has not been approved by the legislature. They have had one meeting though. Sen. Butrovich asked, the 136.8 authorized last year, what are you doing with that? The answer was that it will lapse. Sen. Rader noted that there are three public members, the executive director, and secretary. He noted that there was to be \$137,000 spent on this. He noted

Royalty Oil
& Gas Board

4/8/75

there was a big chunk in contractual. Mr. Gilbreth answered yes, \$75,000. Sen. Rader asked what are the contracts? Mr. Gilbreth referred to page 265 of the red budget book. There are several things involved in the sale of oil and gas. One would be an analysis of crude oil to determine its quality in order to approach buyers. These run \$10,000 to \$20,000 each. He referred to 71a, an estimated \$15,000. The Board probably will be calling in transportation experts. These would be tanker people. There would also be economists to give advice on the world's crude oil situation. Sen. Rader asked if there was a detailed breakdown. The answer was no. Sen. Rader asked, no detail on the \$75,000 other than what you just gave? Mr. Gilbreth answered no. In order to get figures, they would need additional people.

Sen. Butrovich referred to personal services. Mr. Gilbreth explained to the committee that a third party had drawn up the budget because the Board is not formed. Sen. Rader informed Mr. Gilbreth that the funds will probably not be appropriated until he comes in with a supplemental. The Governor will probably be asked to draw the funds out of his contingency fund.

Sen. Rader requested a fiscal note on all of this.

The Pipeline Oil & Gas budget was brought up. Mr. Aase said that a couple of petroleum engineering positions cannot be filled. There are positions there but the people cannot be found. The Division will be looking into other methods.

Pipeline -
Oil & Gas

[Sen. Butrovich left the meeting at this point]

Duncan Reed of the Land Use Planning Commission testified before the Committee.

Land Use
Planning
State -
Federal
Commission

[Sen. Poland left at this point - 4:40 p.m.]

Mr. Reed stated that the Commission was a Federal-State joint contribution towards land use planning. The State contribution is delivered in two ways. One is cash contribution. There is a trust fund where Federal and State monies are combined. Page 103 reflects State payments to the trust fund. The second manner is through in-kind contribution and a program unit called land use planning (referred to page 105).

In the land use planning unit, the first phase had a large resource planning team. They have done a statewide resource analysis which was completed at the beginning of this fiscal year. Much of the support was deleted, the decrease in the

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budget reflects this deletion.

Sen. Rader said he had heard that this Commission was being phased out. Mr. Reed responded that under the provisions of the Alaska Natives Settlement Act the Commission expires in December of 1976. There has been some talk of extending the Commission. The Federal and State administration of the lands will not be settled until 1978. This extension has not been authorized as yet.

Sen. Rader noted that there was a smaller actual expenditure than anticipated on page 103. There was a reduction of the planning team on hand, the money was transferred to contractual. It was just a change between two components within the budget.

Mr. Reed went on to say that the Commission was in their second phase. There has been a change in the staff structure, so in FY 75 they submitted a revised request.

Sen. Rader asked how does the Commission's plan work into Coastal Zone Management and Land Planning, etc. Mr. Reed answered that in terms of planning in management of Alaska Lands, the Commission generally is related to cooperative planning. The Commission might advise the State legislature and U. S. Congress and such on changes for planning our resources. They will act as a catalyst. We would effect both Federal and State lands.

Mr. Reed went on to say that the Commission last week presented formal testimony on Coastal Zone Planning to Resources. It covered the role of local governments in Coastal Zones - how they are going to be incorporated with the Federal and State. The Commission will be continuing work in planning and management of coastal lands. The testimony is not what they intended to do in the final plan.

The Planning Commission is involved with a great plan, provided they have autonomous leadership. They are a joint Federal and State instrumentality. They are in a suitable position to coordinate planners.

The meeting was adjourned at 5:00 p.m.

ADJOURN

SENATE FINANCE COMMITTEE
Wednesday, April 9, 1975
1:40 p.m.

Present: Senators Rader, Butrovich, Sackett, Poland

PRESENT

Also Present: Roy Rickey, Chairman, Limited Entry Board; Allen Adasiak, Administrative Officer, Limited Entry; Frank Jones, Director, Game Division; Rupe Andrews, Director of Sport Fish; Vern Roberts, Director, Division of Administration; Bob Roys, Director, Division of Fisheries Rehabilitation; Robert LeResche, Chief of the Habitat Protection Section; Alex McRae, Chief of Hatchery Services.

NATURAL
Resources

Limited
Entry

Mr. Rickey gave a brief overview of what the Limited Entry Commission anticipates for the coming fiscal year. He said in terms of permits and individuals supplied with permits, they expect to have fewer permits than last year, depending, of course, on what happens in the fisheries. There will be no other fisheries added to the program. He reported that 19 out of 70 Alaska fisheries will come under restriction this year. Mr. Rickey explained that they will be very much involved in drawing up regulations, investigating fisheries not under construction now and setting up a priority system. He added that the "buy back" program needs a whole set of regulations. However, this year they are not asking for any money for the "buy back" program.

Mr. Rickey stated that there are eight fisheries in the "distressed" category. These are proposed for a reduction scheme through the "buy back" program.

Senator Rader remarked that there have been several bills introduced this year that would either abolish the commission or limit its authority. What fiscal impact on the commission's budget did Mr. Rickey anticipate if any of this legislation was adopted.

Mr. Rickey replied that the house bill that proposes to let anyone who held a permit in 1974 obtain a permit would have no effect on their budget--they could probably accommodate that in their present budget without stress. Mr. Adasiak added that this would have an impact on the resources. He said the proponents of these additional gear units would collect in Southeast Alaska.

Senator Rader asked if there were any plans to declare any fisheries "distressed" that have not already been declared so, to which Mr. Rickey replied that there may be one in the Yukon area and possibly the Kuskokwin--people there are turning to commercial rather than subsistence fishing.

New areas that limited entry will be getting into this year will be the Arctic-Yukon-Kuskokwin area, which will be quite a problem;

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however, they think their proposed budget can take care of this. Also king crab, dungeness and shrimp have entered into a new disaster condition in that they have been "priced out of the market", and they will have to take a look at them. Mr. Rickey pointed out that the limited entry program is also charged to reflect their cost of operation in the fees charged for the permits. Mr. Adasiak said they will be about \$100,000 over that in their operating costs--they will generate about \$700,000 in revenues (estimate).

Mr. Rickey said he did not think there would be a significant decrease in the number of permits for at least five years.

(Senator Sackett arrived at the meeting)

Senator Rader asked Mr. Rickey if he thought that permit revenues would ultimately generate funds for the buy back program, to which Mr. Rickey replied "no"--they are talking about an assessment for the people in the fishery. The earliest such an assessment would be made is in 1976.

It was now 2:00 and Senator Rader had a meeting scheduled with the Governor so he recessed the meeting. RECESS

AFTER RECESS
3:10 p.m.

The meeting was reconvened at 3:10 p.m. by Senator Rader. Senator Butrovich arrived at the meeting at this point. Dept. of Fish & Game

The budget component now under consideration was the Game Division of the Department of Fish and Game, starting at page 123 of the short forms. Game Div.

Frank Jones, Director of the Game Division, proceeded to give the highlights of his division's activities. He reported that the largest part of his budget is in the Investigations Section. Activities involved in investigations are surveys, inventories and research programs to provide the necessary biological information for the management of Alaska's game. The Investigation section is conducted primarily with Federal Aid funds.

The Administration component provides the staff support (administrative services) for both Investigations and Management, and consists entirely of personnel expenses (salaries). The Hunter Safety program is involved with federal aid monies also. Mr. Jones spoke of a bill now before the U. S. Congress which would substantially increase federal aid for Hunter Safety programs.

Mr. Jones then went into considerable detail to explain various research programs under the Investigations component, including a moose research project, arctic wolves, etc.

Of particular interest to Senator Rader was a rifle range called Potter Marsh Range in the Anchorage area and he asked Mr. Jones to explain what plans were being formulated for it. Mr. Jones replied that they are now leasing the land for the rifle range and have an option to purchase it. He noted that a tremendous number of people use the range--about 500 people per weekend. They have hired a temporary person to run the range on the weekends. He said that some time ago the staff in Anchorage held hearings in Anchorage to see if the people wanted to continue to use the property as a shooting range and although there was some opposition from people living in the area, the greatest majority were in favor of a range facility there. He said there is a bill before the Legislature now to provide \$50,000 in matching state monies to purchase the land.

Dept. of
Fish &
Game
Game Div.

Senator Rader wanted to know how far away from the range were the nearest residents, to which Mr. Jones replied they are "pretty close."

Mr. Jones said his division has plans to develop the range if the land is purchased. Right now there is a building on the property for housing the targets and some portable targets which the division furnishes. He said he has not personally visited the range, but he understands the shooting is directed into a pit or a bank. He mentioned that they have been working with the Director of the State Division of Parks with respect to development plans.

Senator Rader requested that Mr. Jones' staff send him a memo giving distances from the range to the closest private improvements, a map showing where the property is, direction of the shooting and generally describing the facilities there now and proposed for development.

Senator Rader said the feedback he has been getting is that many of the area residents are worried about people going down to the range after it is closed, drinking beer and sighting their guns in. These people have suggested that a live-in caretaker be hired to police the range. Has Mr. Jones' staff investigated this possibility?

Mr. Jones explained that they now have a temporary employee there on weekends--they have been quite short of money for temporary employees for the last two to three years. He anticipates the possibility of putting an individual there on a full-time basis during the day. Also, his staff in Anchorage is working closely with the Anchorage Borough to see if the Borough might take care of the manpower needed. Then, referring to page 727 of the red book, Mr. Jones directly answered Senator Rader's question concerning a live-in caretaker by saying that if they get the budget they have proposed they should be able to provide that kind of service.

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Senator Rader felt that the division should explore the possibility of using federal land at Ft. Richardson or Elmendorf for developing a range. Mr. Jones replied that they had at one time talked to the military about using the military range facilities and were turned down. Senator Rader then requested that Mr. Jones have his staff contact the military to see if they had land that the State could use to develop a shooting range and in addition see if the Borough might get involved also.

Dept. of
Fish & Game

Referring to p. 125 of the short form, Investigations/Research, Senator Butrovich questioned the funding concerning the federal monies. He asked if we had more license monies than we need to match the federal monies, In other words, do we have enough to get all the federal funds we can? Mr. Jones' answer to this is that we are getting all the federal monies available for Alaska-- Alaska is one of three states that get the maximum amount on federal funds (California and Texas are the other two). The formula is based on the size of the State (land area). He commented that no state can draw more than 5% of the total fund regardless of how many people it has.

Investiga-
tion/
Research

Management component, page 127: No questions from committee

Hunter Safety component, page 129: No further questions.

Administration & Support, page 131: No questions.

Next component to be considered was Sport Fish, commencing on page 133 of the short forms. Mr. Rupe Andrews, Director of Sport Fish gave a brief rundown of his analysis of this budget. He said the budget does not reflect any new or expanded programs-- it is "maintenance" level. The increase in the Equipment line item reflects a need to replace needed items--Also, it may look like a substantial increase because of a big reduction the Senate made in the 1975 budget. He said there are no general fund monies in Sport Fish. It is entirely funded with federal money.

Sport Fish

Mr. Andrews told the committee that Alaska has \$1 million allocated to it under the Anadromous Fish Act but the Bureau of Budget will not release the funds.

Referring to the Investigation/Research sub-program, p. 135, Mr. Andrews said the increase in line 300, Contractual Services was due to printing costs escalation and equipment rentals. They have seen a 50 to 75% increase in highway costs.

Sport Fish Restoration, p. 139. The commodities line item reflects a \$4,500 increase for chemical toxicants.

Administration & Support, p. 141. The 1.6% increase is due to fixed personal service costs.

The remainder of Mr. Andrews' testimony related not to the budget but was a general discussion in which he answered Senator Rader's questions concerning sport fisheries and resources throughout the State and the topic of sport vs. commercial fisheries.

Dept. of Fish
and Game

4:10 p.m. The committee took a short recess.

4:18 p.m. The meeting was reconvened by Senator Rader

Next program to be reviewed was Fish Hatcheries. Alex McRea, Fish Chief of Hatcheries Services, skipped his overview and answered Hatcheries questions from the committee concerning programs.

One thing that puzzled Senator Rader was the overlapping of this division's functions and that of the FRED program. Mr. McRae's explanation was basically that his division worked with "a different fish in a different place." Senator Butrovich added that he understands that the programs are completely different--one deals with gravel incubation and the other program (FRED) deals mainly with new techniques.

There was a brief discussion as to how Mr. McRae's division assessed the cost/benefit ratios as to what they are doing in the hatcheries.

Senator Rader noted that the Governor had cut Fish Hatcheries back to below maintenance level (p. 143 of short form). Mr. McRae replied that a large part of that cut was for the Katoy Bay project where they asked for \$24,000 for brood stock. He noted that back when they prepared their budget, they may not have stated the reasons for this program as clearly as they could now.

Senator Rader thought that the overtime budget looked rather high. Mr. McRae did not feel it was unduly high. He said they work a "staggered" work shift for their normal day-to-day activities. The overtime takes place during harvests, and for special projects that require overtime (detail is on p. 855 of the red book). In some cases overtime might be required in isolated places where another employee cannot be brought in.

Senator Rader requested a memo showing a complete breakout of overtime costs.

Next budget component was the FRED Program (Fisheries Rehabilitation, Enhancement and Development). Mr. Bob Roys, Director of the FRED Program, proceeded to testify before the committee.

FRED
Program

Senator Rader noted that this budget shows a pretty substantial increase (64%); however, Mr. Roys calls it a "maintenance" budget. Why is this? Mr. Roys explained this by saying that many big programs are just now getting underway, the workload has increased considerably, and they are going to final design stage on four major incubation systems.

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Mr. Roys then explained the new system of rearing salmon fry that was discovered in Canada. At Senator Rader's request, he went to the blackboard and explained the concept of a salt water pen.

Mr. Roys testified that last year's bond issue authorized construction of a number of incubation systems in the state; however, none of the operational costs in this budget relate to that bond issue since the facilities have not yet been completed. FRED Program

Senator Butrovich asked how many stations there are in the program, to which Mr. Roys replied "nine."

Senator Rader requested that Mr. Roys send him a memo outlining some of the cost/benefit studies, the assumptions used in making the studies, together with any comments Mr. Roys might wish to make.

Mr. Roys closed his presentation by emphasizing that it is essential that there be a very strong disease prevention and control program as this program expands.

ADMINISTRATION AND SUPPORT. P. 161 of short forms. Vern Roberts, Director, Division of Administration, told the committee that his division performs those duties required by statute and regulations in support of the rest of the Department of Fish and Game. ADM. & SUPPORT

Senator Rader wanted to know if this budget contemplated creation of the advisory committee proposed by the Governor. Mr. Roberts said this budget contemplates the existing board rather than the "26 Board." He said he has not done a cost analysis of the fiscal impact of the 26 board on this budget.

A discussion concerning the role of the advisory board followed.

Senator Rader questioned the fact that this division's budget was about \$80,000 above maintenance level and asked Mr. Roberts to explain this. Mr. Roberts said part of the difference is in the vessels budget on page 172 (short forms). Money is included for the operation of two vessels which were authorized last Fall in a bond issue. One vessel will be a replacement at Ketchikan for a vessel that was built in 1934 and the other will go into the Lower Kachemak Bay operation. This accounts for \$45,900 (fuel and insurance mainly). This cost does not appear in the red book, according to Mr. Roberts. He said the vessels are very much the same as the ones they have now--in the 67 to 70 foot class. One is still under construction and one is in operation now. They are used for research programs for the department. Answering Senator Rader, he said the boats can sometimes be used for protection as well as research, if there are no conflicting schedules.

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Two specific requests emphasized by Mr. Roberts were the Special Assistant in the Commissioner's office, who is badly needed. He explained that Ed Huizer, the Deputy Commissioner, travels almost constantly representing the State on national and international fishing matters. The Special Assistant is badly needed for special research projects and to help the Commissioner. Senator Rader questioned why this was so--why must Mr. Huizer travel to represent Alaska's interests--wasn't that Mr. Meecham's job? Mr. Roberts replied that one man is not adequate to represent Alaska's interests. It was noted that the Governor allowed the position of Special Assistant to the Commissioner.

DEPT. OF
Fish & Game
ADM.

Mr. Roberts also urged approval of the Accounting Clerk II position (\$11,400) for his office (p. 168 of short form). He said he still has the same number of people (31) in his office that he has had for the past seven years, and the workload has increased considerably.

Senator Butrovich noted that 5.6 new positions have been requested. Which did the Governor allow? Mr. Roberts said the Governor allowed the Accounting Clerk and the Special Assistant.

Referring to page 1014 of the red book, Senator Rader noted two big pieces of equipment--2 large diesel engines--and the explanation says the engines are nine years old and too large for the vessels they are in. Mr. Roberts explained that these items are no longer in the operating budget, having been transferred to the capital improvement budget. He stated that these are two 32 foot fiberglass boats that have "too much engine for the boat" and therefore are not efficient--burning too much fuel. He said it's a mystery to him why these engines were put in these boats in the first place--it happened before he was with the department. He told the committee that these engines would not be scrapped but could be used for other boats in the department or sold for a good sum (4 or \$5,000 estimate).

HABITAT PROTECTION. Bob LeResche, Chief of Habitat Protection, started out by explaining the Access Program which appears on page 181 of the short form and 1046 of the red book. He said Access is a small part of the section that takes care of maintaining or purchasing and occasionally surveying accesses, usually for sport fishing and occasionally for hunting. It takes care of insuring public access to the fishing and hunting areas.

Habitat
Protection

He explained that in the past access people have done "walking surveys" (not instrument surveys) of trails, have published books on trail systems in the state and also have been involved in some legal action concerning the Burma Road.

Access
Component

4/9/75

Senator Rader questioned why this function (Access) was in the Department of Fish and Game. Why not in the Division of Lands? Mr. LeResche explained that the difference was that Access personnel did not do regular survey work; that is left to the Division of Lands; however, the people in Access coordinate the access needs of the Fish and Game Department with the Division of Lands. Senator Rader questioned why the people in access were biologists, when it seemed to him that they were performing functions of right-of-way people. Mr. Roberts acknowledged that if they were to start all over in their hiring for this section, they probably would hire Right-of-Way people.

Access
Component

Senator Rader requested that he be provided a memorandum describing in more detail the activities of the Access Section.

Senator Rader asked for an explanation of the Kachemak Bay Study (p. 185 of short form). Mr. LeResche replied that it is really their coastal and marine studies which reflect a tremendous increase. The increases include more intensive work on studies that were started last year, for instance, population dynamics of shellfish, a more intensive look at algae, \$40,000 for a study of transporting shellfish larvae.

Kachemak Bay
Study

Senator Rader requested that he be put on a mailing list to receive copies of the studies as they come in. He felt that because so much of this budget is in contractual services, he would like to see what we're buying.

Mr. LeResche remarked that they are hoping to get, as a result of the Coastal Zone Management Act, some federal funds for some of their studies. Their grant has not yet been approved, but he was optimistic that it would be approved. He said they should know about this grant by the first of July. The breakdown he listed for this grant is as follows:

\$108.3	Matching Federal Funds
327.5	General Fund
216.6	Agency Receipts

(NOTE: The minute taker, Pat Williams, is unsure exactly what studies these figures relate to. As a matter of fact, large parts of this meeting were a bit of a mystery to me)

Senator Rader asked if this budget contemplates any baseline studies for the outer continental shelf, to which Mr. LeResche answered "No, we will try to force the federal government into doing those studies that we think need to be done."

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PIPELINE MONITORING: (Page 187 of short form). Senator Rader commented that this budget request is less than last year's budget. There were no questions concerning it.

Pipeline
Monitoring

Senator Rader adjourned the meeting at 6:00 p.m.

ADJOURNMENT

SENATE FINANCE COMMITTEE
Thursday, April 10, 1975
1:30 p.m.

Sub-Committee for Natural Resources. Sen. Rader and Sen. Butrovich were present.

PRESENT

NATURAL
RESOURCES

Also in attendance were the following:

Ernst Mueller, Commissioner, Department of Environmental Conservation
Al L. Eagle, Administrative Officer, Department of Environmental Conservation
Jeff Morrison, Analyst, Office of Budget & Management, Department of Administration
Fred M. Woldstad, Deputy Director, Division of Fish and Wildlife Protection, Department of Public Safety
Vona Hall, Department of Public Safety

Mr. Mueller and Mr. Eagle testified to the Committee on Water Programs, page 199 of the short forms. This Division is undergoing reorganization and the budget is confusing in that it reflects items from previous years. A handout was distributed to the members giving a rundown of the reorganization (copy attached).

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MENTAL
CONSV.

Mr. Mueller stated that there are essentially three program divisions: terrestrial programs; water programs; and program coordination.

Sen. Rader asked if this is where the Bill on Coastal Zone Management will be lodged. The answer was that it will depend on which bill is actually passed. They really do not know at this point. This is a planning effort for the Department.

A question was asked, under the tab called Coordination, what is the reason for extending the program? Mr. Mueller answered that the whole program is under the Commissioner's Office, the Office of Research and Academic Coordination. This is in Fairbanks. What we have done under the reorganization is expand by taking bodies here and there who will work on the Alaska Environmental Plan. The State is required by statute to form an extension group that will do the coordinating of permit applications. They need to get a handle on how this is managed in the program.

Mr. Eagle stated in the reorganization, they had the budget

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approved by the previous administration to get before the Committee. they reduced the 25 original request to 16 and since, requested 45 additional funds. The \$600,000 marine coastal money was put on their books. They are slow. There are a lot of conflicts regarding Marine Coastal Zoning. Then the Department went through the reorganization process. From the total budget standpoint, they dropped \$200,000 Federal Funds and \$440,000 State funds were freed. They came out less than the previous Administration's budget anyway. Form 11 in the red budget book lists each of the budget's positions.

Sen. Rader asked them if page 199 of the short forms was correct. The answer was yes.

Water
Programs

Page 199 of the short forms, Water Program, was referred to. Sen. Rader noted that the level of operation last year was around \$400,000, 344 plus division of 65. It was stated that this was correct. Sen. Rader asked if the fiscal maintenance was 593? The answer was yes, this is part of the Marine Coastal Zone Management Division which is now included under the Water Program. Mr. Morrison told the Committee that the 1976 columns would increase very closely to the Governor's request for 1976. Coastal Zone Management has not yet been taken care of. Mr. Eagle referred the Committee to page 213 of the short forms. What happens here is in reorganizing Marine Coastal, all \$800,000 goes to "0." You will see this in other programs where it will show up in the maintenance level. Sen. Butrovich informed the Committee that some of this will show up in Weeden's General Government budget. The Committee will not know how it will all come out until it goes over Weeden's budget together with this one.

Sen. Rader asked how many bodies the Department gave up. The answer was there was a drop from 25 to 9. Page 213 has the 25 positions plus 18. Mr. Eagle added that the positions put on \$600,000. The positions were put on the books by a budget amendment. This was done by the previous Administration. In the reorganization, money was freed up to do over all of the coordination effort. This request reflects that level of \$200,000 Commissioner Mueller stated it gets very confusing. the Department had gone in with the old Budget Review Committee in January. Then there was the reorganization and they went into the new Budget Review Committee.

Sen. Rader stated he did not understand how they could go from a \$400,000 budget to a \$600,000 budget and still call it a maintenance budget. Mr. Eagle answered that this is a maintenance budget since it was authorized in the previous budget. Sen. Butrovich referred to page 1295 of the red budget book.

He noted two transfers in; some positions went out and some came in. Mr. Eagle explained that in the work book these positions went out (page 213), they were moved into another Division. Sen. Ray clarified there were two transfers out and five transfers in.

Sen. Rader stated, in water control there are five new positions. It was answered that they were positions that were taken over from the Marine Coastal Management - Oceanography staff. They have absorbed the tasks previously done by the other Department. This would include surveying, permit programs, marine environment, etc. They are pulling the resources together instead of having separate programs.

Sen. Rader asked what is the source of funding on the Marine program. It was answered for the whole program, 108.8 Marine Coastal Zoning and \$60,000 Federal.

Sen. Rader referred to page 201 of the short forms, pollution control. He noted an increase of five positions from the Marine and Coastal Zone Management program. He went on to say that maintenance increased from \$205,000 to \$367,000. Are these transfers in? The answer was yes. Mr. Eagle referred the Committee to page 1283 of the red budget book. He explained it was a routine trade personal services. They show a loss of \$10,000 Water Resources Council and then took transfers from other Divisions.

Water
Pollution
Control

Sen. Butrovich asked under contractual, water pollution, is that one where we use Federal money? Page 201 of the short forms was referred to. Mr. Eagle answered yes. He referred to \$60,000 from the APA program. This is in personal services. The reason for the large increase is because of the large number of bodies moved in. Last year some of this was under contractual.

Sen. Rader referred to water supply, page 203 of the short forms. There were no questions.

Water
Supply

Sen. Rader turned to page 205 of the short forms. He asked how do you get from \$30,000 to \$52,000 as a maintenance program? Mr. Eagle answered this is one that they battled over with budget review. This is a plain increase. It is maintenance in the sense that there are no new positions or extra work. The cost was so much higher than originally anticipated that they just increased the budget. The Administration and budget review are accepting this so far. There was a breakdown submitted to them. Sen. Rader asked there was a 300% increase finally? The answer was yes. Sen. Butrovich said there were three new positions also added. Jeff Morrison

Vill.
Safe
Water

told the Committee that a memorandum was submitted to Bob Grogan on this category.

Construction Grant Administration was taken up. Mr. Eagle said there was a change in this BRU. They had a position referred to as Chief General Engineering that has been changed to Construction Grants Administrator. The function was too heavy to be handled in the previous manner.

Const.
Grant Adm.

The Committee turned to page 209 of the short forms, the Director's Office. This is page 1297 in the red budget book. Sen. Butrovich noted that there were a lot of transfers out

Director's
Office

At this point Jeff Morrison told the Committee that he had added up all of the 1975 appropriations counting the appropriation and the revised program for 1975. This excludes the pipeline. There is a total for the Department of \$2,760,500. This is plus revised column. For FY 76 there is a total of \$2,778,200. This also excludes the pipeline. This is \$20,000 over what the short forms add up to. An amendment will be coming over. (\$600,000 Federal in 1975; drop of \$400,000 for 1976.)

Water
Programs

Sen. Rader asked if this would account for the money going into Weeden's budget. Mr. Morrison said yes. The increases in this function would be \$200,000. This would take care of salaries, etc. Sen. Rader requested the above information in memorandum form.

Sen. Rader asked if there were any substantial changes in this function this year over last year other than reorganization. Mr. Eagle answered yes, with the exception of Oceanography.

Mr. Mueller went on to explain that last year the State received the Program Development Grant from Coastal Management Office in NOAA. This is designed for the development program only. It was never implemented by the Department of Environment. No one was hired. The money was spent mostly for one person to travel to meetings. When he came aboard as Commissioner, he met with the Department of Law, CRA, etc. and they decided that this was a cross disciplinary thing. They felt there should be coordination on this thing with the different agencies. The lead agency was to go to the Office of Development Planning. They would send money to the various Departments concerned for developing their portion of the plan and then the plan would come back and be combined with the others. Mr. Mueller's Division split out of their approved budget funds to go to Weeden this fiscal year. Then they decided what their Department needed for 1976 for the portions they would be using. Weeden's budget will probably

Program
Coord.

4/10/75

request \$900,000, of which they will receive about \$260,000.

Jeff Morrison gave a copy of the Coastal Zone operation breakdown as it was given to the House Finance Committee members to the Senate Finance Committee members.

Page 215 of the short forms, Terrestrial Program, was considered. Sen. Butrovich mentioned that starting with page 217 there are four new positions. Terrestrial Programs

On page 219 Sen. Rader mentioned that they took out the general engineering section. Land Use

Sen. Rader referred to contractual under land use on pages 1367/8/9 of the red budget book. Sen. Butrovich said there was a figure jump from \$8,000 to \$45,000. There was an explanation on page 218 of increase in rentals and professional fees. He wanted to know more about the professional fees than was described in the red book.

Mr. Eagle said he really didn't have an explanation. He can supply the Committee with the answer. This is not just professional fees. It is the support costs of transfers from other functions. A memo explaining the item was requested by Sen. Rader.

The Committee took up the Directors Office on page 221 of the short forms. There were no questions. Director Office

It was noted that Pesticides was taken care of elsewhere. Pesticides

Radiation was deleted by the legislation in 1975. Radiation

Mr. Mueller stated that Perma Frost was transferred into Land Use.

The Committee went to Program Coordination. Mr. Mueller said this is a new program this year. The positions were transferred from other functions: pesticide; perma frost; coastal zone management grant. Sen. Butrovich noted that there was a total of seven positions. They were allowed three new positions, and the other four were transfers. It is explained on pages 1389/90 of the red budget book. Program Coordination

Mr. Mueller told the Committee that there has been a lot of criticism of this Department. By statute, they were to write out the Alaska Environmental Plan and submit it to the legislature. This was never done. This is something that they have to do not only to fill legislation requirements but also for a road map to know where they are going.

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This is one major effort they will be doing. They would like to expand out in the future to take into consideration the other planning mechanisms they are responsible for. There is a statute for future pollution control. Where is the pollution control planning? They will try to pull in solid waste planning that is just completing. The Division wants to make sure these functions do not overlap and they would like to see that there is coordination with the various Divisions. A decision will have to be made on research of academic coordination as to the function they will perform. They have a problem as to how Federal and State Agencies will operate unless they work in long-term priorities.

Sen. Rader said he understood that this was handled in the Commissioner's office.

Mr. Mueller answered that the responsibilities are hard to separate out. Most of the Departments do have separate planning functions that work close to the Commissioner. This is a small division--seven people. This was broken up before. One of their problems in management are the Departments permit programs. Some of the programs are in poor status, such as the water pollution program. The water use permit act, some of these have fallen on the wayside. They need to coordinate these comments because the Federal Government will listen to his office (This falls under program coordination on the chart.) They are afraid if the Division does not do this that every Division would set up a planning section and not be coordinated with the other Divisions. We cannot afford this to happen.

Page 231 of the short forms was discussed next, Administrative Support. Sen. Rader stated that the program accomplishment on page 1404 of the red budget book doesn't tell much. It is hard to get \$695,000 out of this; what does the Commissioner do? Everything is lumped together.

Adm. &
Support

Sen. Butrovich asked about the \$30,000 contract with USGS shown on page 232. It was answered that in the past this was set up in two parts: (1) hydrologic studies along the pipeline. They are thinking of doing some shifting in this money. They have discussed with Charles Champion the possibility of an operation contract to take this over; (2) to provide laboratory support and field surveillance work on a station-by-station basis on water supply use for human consumption. The Division is getting pressure from the Federal Government to improve the State's efforts in environmental programs especially regarding water. They must have water capability monitor program. This is State money--when we contract USGS, they match with equal dollars.

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Commis-
sioner

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Sen. Butrovich asked if they do the work. The answer was yes.

Mr. Eagle read for the record a letter dated March 7, 1975 from Kent Dawson to Sen. Ray to the attention of Sen. Rader. Each committee member had a copy of this letter.

Page 235 of the short forms, Advisory Board was taken up. Mr. Mueller remarked that this was mostly travel, \$100 a day per diem. There is some support costs also.

Advisory
Board

Sen. Rader asked Jeff Morrison how many new positions were there on the whole budget. Mr. Morrison answered that there are four funded by the State not created by RPs.

Page 239 of the short forms was taken up. Mr. Eagle said they attempted to pool all technical support functions. There would be better guiding responsibilities and authorities, etc. The Lab function was to serve the entire Division.

Technical
Services

Sen. Rader asked about the six new positions. Mr. Eagle answered these were out of the MCM program. These are coastal zone management grant funds. They are all funded with Federal money. They are new maintenance positions for us; however, they were authorized last fall.

The Committee referred to page 241, Indirect Impact. Sen. Rader noted that they were lower on personal services. He asked if this support was to be reimbursed. Mr. Eagle answered no, this is State funds. The direct is reimbursable. There were no other questions.

Field
Oper.
Pipelin
Indirect

Sen. Rader referred the Committee to page 243 of the short forms, Pipeline Monitoring. Mr. Eagle stated that the nine positions have been cleared, and they have gone through two audits. On one audit \$15,000 erroneously was charged which they had to absorb. What the Department initially thought was reimburseable by Alyeska was not. This is the reason for the drop. Mr. Mueller went on to say that they have to develop permits on waste facilities, the use of pesticides its application, where pollution control systems in use in construction, solid waste disposal surveys control (does this along the roadways). They have to go out and look for other environmental problems.

Pipeline
Monitoring

Sen. Rader said he could not understand the difference between direct and indirect cost. Mr. Mueller answered that direct cost is solely for Alyeska. The reimbursable money can only be used for project permits issued to them. Indirect activities that are in the zone of the pipeline that are

associated with the impact of construction because of their operations.

Page 245 of the short forms, regional offices was referred to.

Regional
Offices

Mr. Mueller stated that in the past, there has been decreases in the program element. We had people in the regional offices working within the region actually funded under program elements in Juneau. They would like a person working in Anchorage funded out of the Anchorage element. There is a resulting shift in dollars from the central staff in Juneau to other areas. They have one new position for which there is a budget amendment (RP 249). There are three positions of which two are transfers.

Sen. Butrovich referred to page 243 of the short forms stating that 20 positions were reduced to nine. There isn't any roster of the positions that were filled. This is needed in order to determine the vacancy turnover. Jeff Morrison said these are in Mr. Champion's office; they are revised program positions. When the program is completed the people will go. Sen. Butrovich asked are the nine people aboard? Mr. Eagle answered that parts of them were. He said they have just come back from personnel with a reallocation. It does not take effect until the 15th. The positions are: total of five--a professional engineer which is filled; two openings for geologist 3 and sanitary 1 out of Fairbanks; and two temporary clerk positions.

The Committee turned to page 189 of the short forms, Protection Enforcement, and Mr. Fred Wolstad, Director of Fish and Wildlife Protection, and Vona Hall both from the Department of Public Safety testified.

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SAFETY
Protec-
tion

Mr. Wolstad told the committee that their budget reflects seven new positions, four in the trooper category and 3 in the protection aide category. The protection Aides are substitutes for clerical help in Soldotna, Anchorage, and Fairbanks. Sen. Rader asked why there was a decision to use subprofessionals instead of troopers. He noted that the cost of protection aide was pretty close to being the same as troopers, there was only a couple of thousand dollars difference. Mr. Wolstad answered that the trooper also receives overtime, uniforms, equipment, etc.

Enforce
ment

Sen. Rader referred to page 1130 of the red budget book. It states that the general public expects and demands that they deal with a person who is not an office clerk. It would seem that instead of having a subprofessional it would be

better to have the office staffed with officers. Mr. Wolstad responded that they would prefer to staff with officers. The Aides would, however, provide some field services. The Division could provide the person with sufficient training to handle some functions. In response to another question he answered that they do hire women for these positions.

Sen. Butrovich noted that there was a jump in contractual (page 189 of the short form) from 397.8 to 751.2. Mr. Wolstad answered that the increase falls in two areas: (1) vehicle rental rate increases; (2) vessel charters. Sen. Butrovich asked if the Division goes through the highway pool. The answer was yes.

Sen. Rader noted that there was a transfer of funds, \$230,000, for T-boats. Mr. Wolstad referred him to the vessel section 195.

Jeff Morrison pointed out to the Committee that there were three boats acquired at no cost basis - Federal Government surplus boats. They transferred in 1975 \$445,000 supplemental appropriation through the House to renovate T-boats in 1974. When bids came in the second time they could only renovate two T-boats for \$445,000. The supplemental is insufficient to take care of the full cost. The \$230,000 in the first section is used to take up the difference between the supplemental and the actual cost of the renovation of the T-boats. The T-boats are not ready now so that the people are not hired. They would like to have a total complement of five positions by May 1. The one boat was returned to the Federal Government in October and they relinquished any responsibility.

In answer to the \$3 million in maintenance Mr. Morrison stated that a lot of this is overtime that was provided to the State at no cost in the past.

Sen. Butrovich noted that contractual went from 350 to 750. Ms. Hall answered that the vessel is \$100,000 and this is the big increase. She referred to page 1166 of the red budget book. This gives the reason for being called a maintenance budget.

In response to Sen. Rader, Jeff Morrison pointed out that the 77% increase in budget maintenance he was referring to was the authorized column rather than the authorized plus the revisions column.

The Committee turned to page 191 of the short forms, licensing investigation program. Mr. Wolstad stated that there was a Director Office

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a new position of statistical requested to revive a program held years ago. This was in the late 1960's up to 1972. The program runs sample checks on licenses. This is a check on a computer system. The system needed revising and the cost was at that time prohibitive. Sen. Rader asked why there was overtime work. Mr. Woldstad answered that basically there would be times the position would be obligated to put forth documents that could not be provided in a routine day to provide field support.

Sen. Butrovich noted that contractual went from 78 to 149. Jeff Morrison said the big jump was in ASHA. Mr. Woldstad further stated that the primary increase was in line 300. The Division moved into a new building in Anchorage. The budget did not reflect any costs in the past and now they are obligated to pay ASHA. This is our contribution to office facilities. Anchorage was nearly negligible in prior years. Mr. Morrison said that \$12,500 is part of the license check program. Add this together with \$71,000 and that added to this year's authorized is just \$10,000 less than requested. The difference is inflation cost.

There was a general discussion on the cost of picking up animals along the roadways. Most of the accidents occur in the evening hours when vision is poorest. The average cost of removing a Moose is \$200 - \$400.

The Committee considered page 193 of the short forms. Some statistics were asked for on the cost per hour of flight on air craft. Mr. Woldstad gave an estimation of \$35 for the Super Cub, \$90 for Grumman Goose. This does not include the pilot. For the 180 he had a \$65 figure.

Protection
Aircraft

Page 195 of the short form was referred to. Sen. Rader asked what the Federal receipts of 172 were. Mr. Woldstad answered that in December of 1972 the Federal Government passed the Marine Mammal Act taking the management away from Alaska. They also contracted with the Department of Commerce and the Department of Interior to handle this. Commerce had funds appropriated and these are the figures from National Fisheries for this.

Vessels
Section

There were no questions regarding page 197, Pipeline Enforcement.

Pipeline
Enforce-
ment

Jeff Morrison asked to make a pitch for one thing, the big jump in equipment detachment in enforcement budget, there is a great deal of detailed information on it. Page 189 of the short forms was referred to. They can provide material to the Committee. One thing it doesn't show is that over

Enforc
ment

4/10/75

a 3-year period all of the equipment is in bad shape and is going to be retired. Three years hence, the income from the sale of surplus property will be coming to the State. This will reduce the need cost of the equipment. Sen. Rader noted that it went from 25 to 108. Mr. Morrison responded the difference of 84 requested and 108 is four trucks for troopers formerly requested in capital budget. The difference between 84 and 12.5 replacement outboard motors, etc. In the red budget books this is on page 1166. Sen. Rader asked how much equipment is necessary if four subprofessional people do not come on board. Mr. Woldstad answered that this was not related to subprofessionals.

The meeting adjourned at 4:30 p.m.

ADJOURN

4/10/75

MEMORANDUM

State of Alaska

TO: The Honorable Andrew S. Warwick
Commissioner
Dept. of Administration

DATE: January 7, 1975

FILE NO:

TELEPHONE NO:

FROM: Ernst W. Mueller 
Commissioner
Dept. of Environmental Conservation

SUBJECT: Departmental Organization

Proposed Departmental and Divisional Organization Charts are submitted for your review and approval in accordance with AS 44.17.020 and AS 44.17.070. Formal section charts will be prepared and will be submitted separately. For information, a draft staffing chart for the entire Department is included.

The proposed organization should help increase Departmental effectiveness through better definition and distribution of work functions. Significant cost savings are also anticipated from both reallocation of vacant positions and reduction in the total number of positions from that requested in the FY 76 budget.

You will note that there are two main program Divisions-Water Programs and Terrestrial Programs. In addition, and perhaps most significantly, there is a small Program Coordination Staff established. The Program Coordination Staff will bring consistency and continuity to Departmental Operations. In addition, they will serve as the nucleus for developing the State Environmental Plan and similar projects. Two support sections or divisions are established - Technical Services and Management Services. Technical Services include laboratory, drafting and data reduction support, etc., and provides these services for the entire Department. Management services is essentially the existing Administrative Services plus additional functions such as Public Information Office, Central Files Development, etc.

The Pipeline monitoring portion of the field staff has been restructured slightly and reports to the Deputy Commissioner, through a supervisor in Juneau. In addition, a liaison position is established in the Pipeline Coordinator's Office in Anchorage. The remaining field structure is only slightly modified and reports to the Deputy Commissioner.

Our Budget Analyst, Jeff Morrison, has been kept advised during formulation of this proposal. Should any questions arise, we would be most happy to answer them.

Enclosure



MEMORANDUM

State of Alaska

TO: Andrew S. Warwick, Commissioner
Department of Administration

THRU: V. Kent Dawson, Director
Division of Budget & Management

FROM: Jeff Morrison, Budget Analyst
Division of Budget & Management
Department of Administration

DATE: January 9, 1975

FILE NO:

TELEPHONE NO:

SUBJECT: Environmental Conservation
Reorganization

The proposed reorganization is recommended for your approval. The existing organization has never been officially approved, so there are no organizational charts for comparison. The following basic divisions exist in the current de facto organization (each is followed by a discussion of what happens to it in the proposed reorganization):

1. Division of Water and Air Quality: Those parts of this division pertaining to water are transferred to the new Water Program division. Air programs are transferred to the Terrestrial Programs division. One position is transferred to the new Program Coordinator section.
2. Marine and Coastal Zone Management: The positions in this BRU are scattered through many divisions. Four existing and six new positions (authorized by the M & CZM federal grant) are transferred to the technical services section. One new position is transferred to fiscal services. Three new positions are transferred to Program Coordinator. Four existing positions and two new positions are transferred to the water pollution control section in the Water Programs division. Five new positions will be transferred to the land use section in the terrestrial programs division. There are a total of eight fewer new positions requested.
3. Permafrost and Soils Engineering: Two positions are transferred to the land use section of the terrestrial programs division. The third position is transferred to the program coordination section.
4. Land Use and Urban Development: The person in this division is made the Director of the terrestrial programs division.
5. Administration and Support: Two positions are transferred from the Commissioner's Office to the Program Coordinator section. The Management Services BRU includes one existing position transferred in, and three new positions (authorized in the Egan FY 76 budget) transferred in from other sections. An additional clerical position is created from salary savings.
6. Regional Offices: These remain the same, except that the indirect pipeline impact positions and direct pipeline monitoring positions are included in the organization of the regional offices, even though they will be budgeted separately.

The proposed organization is along functional lines and should result in an improvement in assignment and coordination of work within the department. If and when approved, it will require a resubmission of the entire department's FY 76 budget. It is therefore requested that you give this matter attention as soon as possible.

January 9, 1975

The Departmental chart, when approved by you, will be forwarded by this office to the Governor for his approval and signature, and then returned to this office to file. The effective date on all charts will be the date of the Governor's signature. Division and section organizational charts need only be signed by you to become effective. This office retains a file of all official organizational charts. Please sign and return the charts at your earliest convenience and call on me for any questions. Following resubmission of the FY 76 budget, the Department will prepare a revised program to implement the reorganization in FY 75.

MEMORANDUM

State of Alaska

TO: Honorable Jay S. Hammond
Governor
State of Alaska

DATE: January 10, 1975

FILE NO:

TELEPHONE NO:

FROM: Commissioner Andrew S. Warwick
Department of Administration

SUBJECT: Department of Environmental
Conservation Reorganization

The attached organizational chart of the Department of Environmental Conservation is submitted for your approval. Memos from the Commissioner of Environmental Conservation and the Division of Budget and Management are also attached to explain the effect of the proposed reorganization. Your signature is required only on the Departmental chart; however, I am including division and section charts for your information. Please return the signed originals to the Division of Budget and Management.

The Department of Environmental Conservation will be re-submitting its FY 76 budget based on this reorganization.

ASW/mjc
Attachments

4/10/75

COMMISSIONER
ENVIRONMENTAL CONSERVATION

ADVISORY BOARD

DEPUTY COMMISSIONER
ENVIRONMENTAL CONSERVATION

LINE

TECHNICAL SERVICES

TECHNICAL SERVICES
SUPERVISOR

MANAGEMENT SERVICES

MANAGEMENT SERVICES
DIRECTOR

PROGRAM COORDINATION

PROGRAM COORDINATION
DIRECTOR

WATER PROGRAMS

WATER PROGRAMS
DIRECTOR

TERRESTRIAL PROGRAMS

TERRESTRIAL PROGRAMS
DIRECTOR

ELD

PIPELINE MONITORING

PIPELINE ENVIRONMENTAL
SUPERVISOR

SOUTHCENTRAL REGION

REGIONAL ENVIRONMENTAL
SUPERVISOR

NORTHERN REGION

REGIONAL ENVIRONMENTAL
SUPERVISOR

SOUTHEAST REGION

REGIONAL ENVIRONMENTAL
SUPERVISOR

APPROVED:

COMMISSIONER OF ENVIRONMENTAL CONSERVATION

APPROVED:

COMMISSIONER OF ADMINISTRATION

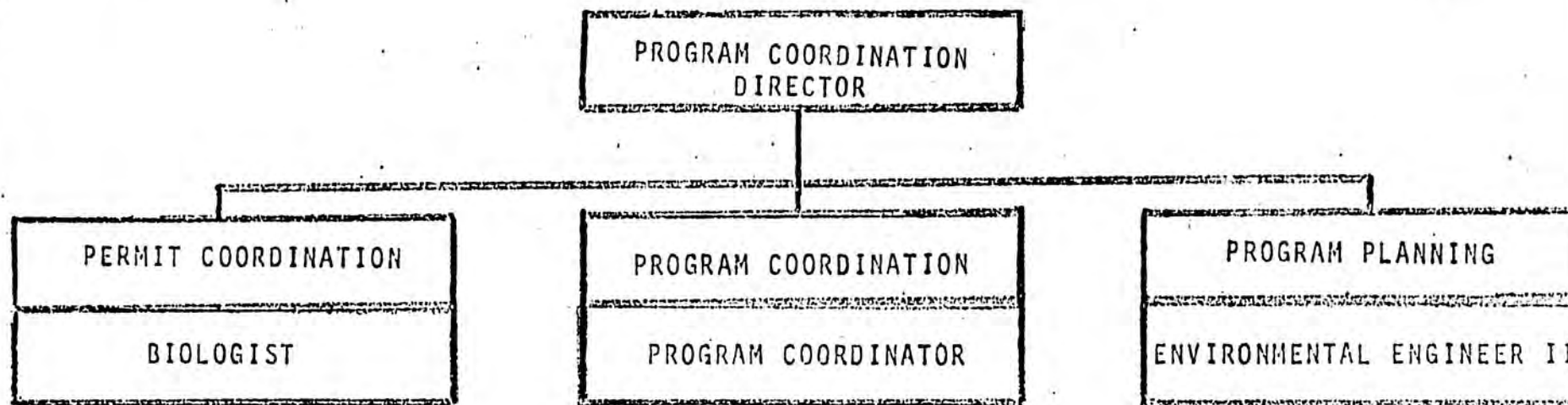
APPROVED:

GOVERNOR OF ALASKA

EFFECTIVE DATE: January 27, 1975

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STATE OF ALASKA
DEPARTMENT OF ENVIRONMENTAL CONSERVATION



APPROVED:

Emmett M. Muelh
COMMISSIONER OF ENVIRONMENTAL CONSERVATION

APPROVED:

Don Stewart
COMMISSIONER OF ADMINISTRATION

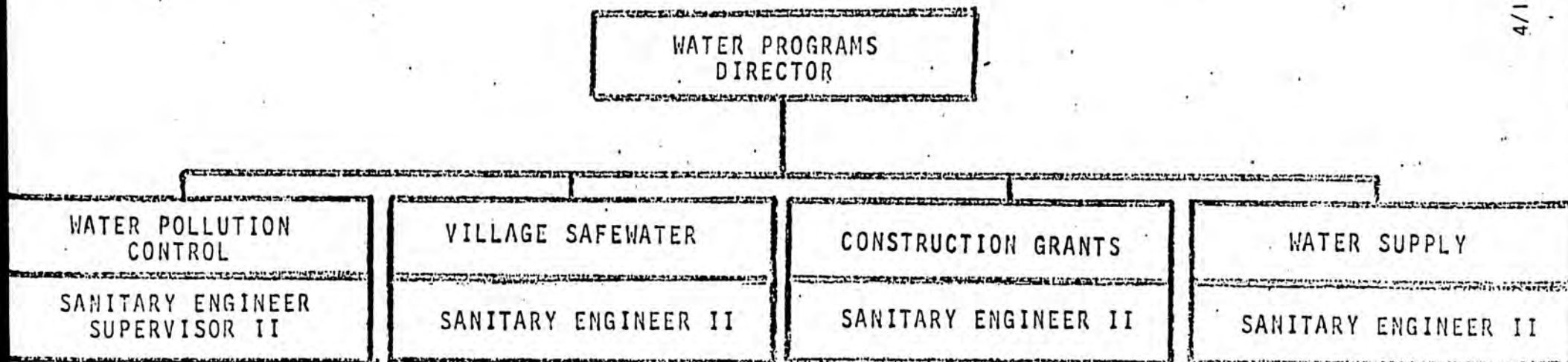
EFFECTIVE DATE: January 27, 1975

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STATE OF HAWAII
DEPARTMENT OF ENVIRONMENTAL CONSERVATION

4/10/75



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APPROVED: *Ernest Mueller*
COMMISSIONER OF ENVIRONMENTAL CONSERVATION

APPROVED: *Alan Shaw*
COMMISSIONER OF ADMINISTRATION

EFFECTIVE DATE: January 27, 1975