

HOUSE / SENATE FINANCE COMMITTEE MINUTES - 1967-1982 2775

cludes it, that's fine. If it does not preclude it, I would like to see the words changed so that it would preclude it. I don't... I do not believe the State is in a position to purchase, or to enter into a lease agreement for two planes of this size and for this purpose. And, uh, I feel very strongly on that. I don't mind the money being spent to fight fires - that was the purpose of it. But either in the words or intent, I'd want it in there that it would not be used for the purchase of planes by the State of Alaska. I think it would be a very, very sad error. I have had several calls and conversations since our meeting initially, and I feel that it would be a gross error in judgement for us to enter into that agreement. I don't object to the money being available, but I am opposed to the purchase of the planes.

HOHMAN - How long would it take to get somebody from the department before us, or the Administration?

GROGAN - (...inaudible response...)

HOHMAN - Why don't you talk to Dr. Lehr and see if he couldn't come before the committee and see if, uh Reinwand or somebody else could come. Before you do that I think...Representative Duncan?

DUNCAN - I would suggest a recess, and then come back....

HOHMAN - O.K., why don't you make the call right now and get back to us right away so we can see what the scheduling might be.

GROGAN - I didn't understand who you wanted.

HOHMAN - Call Dr. Lehr and put the responsibility to him to insure the department will bring representation...

GROGAN - O.K.

MEEKINS - Could we stand at ease?

(committee members decided on the most convenient time to reconvene.)

HOHMAN - Call the meeting to order. Dr. Lehr, we are talking about fire suppression, section 152, on page 20 of the Free Conference Committee bill. I think what we would like to do - we didn't intend to call you over at this time. We intended to see if 7:30 was a convenient time for you to return to talk about this subject before the committee.

LEHR - Mr. Chairman, what section was that again?

HOHMAN - Section 152, page 20, Free Conference Committee Substitute, HB 60, Fire Suppression, \$850,000 appropriated to General Fund to Department of Natural Resources, etc., to provide fire suppression. Do I understand 7:30?

MEEKINS - We're still thinking about it.

DUNCAN - Well, yes, unless we (...inaudible...) fifty-five minutes.

HOHMAN - Clarify. Do we have a motion before us?

MEEKINS - I guess the motion is to delete.

MONTGOMERY - Section 152.

HOHMAN - Is that true?

MEEKINS - To delete the language "purchase and lease - the \$705,000 and the \$100,000". That was the motion.

DUNCAN - If we attempt in five, ten minutes to find out what the problem is...(...inaudible...).

HOHMAN - I don't know that that's true. I can't guarantee that. We're prepared to vote on the motion.

MEEKINS - O.K., lets go.

HOHMAN - Alright. The question has been called for, and the motion is to delete Section 152 on page 20 of, uh, Free Conference Committee Substitute for H.B. 60. I'd better read that because I have another document that has the same labeling, but has different language for this section. As I understand your motion, its to delete the two... delete the language which reads...would you like to read it Representative Meekins?

MEEKINS - Yes, why don't I state the motion. The motion is to delete the language - the only language that has been approved by the committee - which is "\$705,000 for purchase and \$100,000 for operation and maintenance - things like operation and maintenance".

HOHMAN - "The sum of \$705,000 is appropriated from the General Fund to the Department of Natural Resources, Division of Forest, Land and Water Management, for the purpose of providing an initial payment for the acquisition of two Canadair CL-215 fire suppression aircraft."

MEEKINS - Right, and then the \$100,000 also.

HOHMAN - And the next section, "The sum of \$100,000 is appropriated from the General Fund to the Department of Natural Resources, Division of Forest, Land and Water Management, for payment of fire suppression aircraft operators contract. The department shall utilize bidding procedures as required by Statute for the selection of aircraft operations contractor. The department shall also attempt to defray the expenses of the State's fire suppression aircraft by the pursuit of other prospective leasees of the aircraft." That then, is the... that's a work copy I'm reading from...that is the language which you

claim to have been adopted by the committee...

MEEKINS - Right.

HOHMAN - ...and the language that's in this...the cleaner form...the more recent form, has not been. Are there questions? Senator Kerttula?

KERTTULA - I just checked with Dr. Lehr, and that doesn't necessarily motivate me in final decision making, but I understand the Administration would like to keep that language the way it is, so he said. I'm wondering if we hadn't ought to talk to some others, and (...inaudible...), or attempt to express ourselves to them back and forth before we make a final decision. I'd like to do that now, under the circumstances.

HOHMAN - So, it appears then, that we can't...I don't think we're prepared on this side to support that motion.

MEEKINS - Lets come back then.

HOHMAN - What time?

MEEKINS - 7:30?

HOHMAN - 7:30. And you'll have your troupes ready? (to Dr. Lehr)

LEHR - Mr. Chairman, I guess I'm kind of confused as to what...

HOHMAN - We'll tell you about that later. We'll stand in recess until 7:30. (TAPE FOOTAGE 503)

HOHMAN - Call the meeting to order. (TAPE FOOTAGE 549)

Lehr, in a discussion on the subject of fire suppression, we have before us adopted language that, uh, is in the mark-up form of the bill - two separate sections - one for \$705,000 appropriating to the Department of Natural Resources for the purpose of providing for the initial payment for the acquisition of two Canadair CL-215 fire suppression aircraft. The next section, sum of \$100,000

appropriated from the General Fund, same department, for payment of fire suppression aircraft operators contract, and so forth. We would like to hear from you, an expression of the Administrations request in this area.

LEHR - O.K., Mr. Chairman, I've been trying to get ahold of Jerry, and I finally got ahold of him...

HOHMAN - Jerry who?

LEHR - Reinwand. And, he said that if this is causing some problems to the committee on H.B. 60, the Administration would be willing to move this...take this out of H.B. 60 and then put it in the general appropriation bill so that it doesn't delay the deliberations.

HOHMAN - Well, the request was that we get a representation from the Administration as to what their viewpoint was in this problem area, and not for the Administration to be concerned about delays or the function of the committee. You've over-stepped your bounds I think, in that regard. Now, do we have to repeat the request again?

LEHR - No, Mr. Chairman, I told Jerry that you had some questions about this and he said that I should just simply inform the committee that we were willing to withdraw this from H.B. 60 and then again request it in the appropriations bill.

HOHMAN - How long will it take the Administration to be prepared to talk about this problem?

LEHR - Mr. Chairman, I can try to get ahold of Jerry again and get his response.

HOHMAN - We stand in recess. (gavel) (TAPE FOOTAGE 579)

VERBATIM TRANSCRIPT
FREE CONFERENCE COMMITTEE H.B. 60

RE: Alaska 1984

May 8, 1980 (Tape 80-19, Side 2)

HOHMAN: Representative Meekins?

MEEKINS: I have a motion in regards to Alaska '84, the appropriation in the budget for Alaska '84, which would be to put some, I guess it would be Legislative Intent, in regards to the appropriation, and that is that it not be used for refunds of donations, that is donations such as Alaska Airlines gave \$100,000 to the effort and the state money not be used to refund any of the donations. Also, that it be used to pay I guess you would say, legitimate debts. I don't know if that's the correct terminology, but . . . verifiable debts that, however the Department of Commerce will verify that those debts are legitimate. . . . And, ah, that, of course, any balance in the appropriation would lapse, that is that anything above and beyond what was seen to be, through the audit or accounting process that they go through, if the debts were only \$350,000, \$300,000 of the remainder would lapse. And also, that there be an effort made to, by the organizers or whatever you call the entity, Alaska '84, to match the state money, I believe it's a 4 to 1 match, which has been requested, so that for one dollar of independent donations, they would receive four dollars of state money. That was requested by the people in the House caucus. It wasn't voted on, but it was discussed, the request of a couple of people and I thought I'd put it forward.

HOHMAN: Senator Hackney?

HACKNEY: Mr. Chairman, that would mean, Russ, that no money would be disbursed until the four to one match is accomplished?

MEEKINS: I think that was probably the intent of the people that asked me to move the language. That would be taken care of in (unclear) I mean, in the definition of legitimate debt.

MONTGOMERY: And we'll only pay those already contracted for, no new ones?

MEEKINS: Yes.

HOHMAN: Further discussion on the ah, Representative Meekins' motion?

MEEKINS: And I would like to ask, is this in Development? Ah, Milt, does it go to the Department of Commerce and Economic Development?

BARKER: I believe that's where --

MEEKINS: That's where it should go, and this would be legislative intent, telling them what our intent was on the appropriation.

BARKER: That was 4 to 1, organizers and state?

MEEKINS: The State gets the 4. (laughter)

MEEKINS: I would ask for the inclusion of that intent.

HOHMAN: Is there objection? Hearing no objection, the motion and the intent has been adopted.

VERBATIM TRANSCRIPT
FREE CONFERENCE COMMITTEE ON H. B. 60

RE: CL - 215

May 8, 1980 (FCC-80 on HB 60, Tape No. 19, Side 2 (587 - end))

HOHMAN - Mr. Grogan, our Fiscal Analyst for Legislative Finance, is responsible for this area of the budget, and I would like to ask that he explain the aircraft, its attributes and detriments and whatever and what the Administration's position is from your experience.

GROGAN - Mr. Chairman, I would like to pass out the thing that first appeared in the Governor's Supplemental Budget Request. (passed out papers) At the time the budget first...or actually, this came in SB 345, I believe, as the Governor's request for a supplemental capital budget. This is all the information that was provided. And, later we had Wally Miller of Legislative Finance, looking into various capital projects, and when he got into this particular question, we were sent down copies of the ...labeled "CL - 215 EVALUATION". To my knowledge, this is all that exists as far as the back-up for this particular request. As you can see on this thing that I handed out, the initial Governor's request to purchase the two aircraft outright, for a total of \$5,067,000. I don't believe they have ever changed their position on that. To my knowledge, the Governor hasn't submitted a budget amendment or really changed his position on it.

HOHMAN - Mr. Grogan, are you familiar with this document on the evaluation of the CL - 215?

GROGAN - Yes, I have read it.

HOHMAN - So this sheet... didn't represent this as the only back-up that they had?

GROGAN - No, I said, this and this...is the only back-up, to my knowledge, that exists.

HOHMAN - O.K.

GROGAN - Basically, the green book here substantiates their request to buy the two aircraft. The CL - 215 was evaluated and tested in Alaska last year during the Delta fire and some of the smaller fires, and basically this document is a series of memos from people in the field who actually were involved in fire suppression activities, and it generally supports the idea of purchasing these aircraft. It also supports the idea that the CL-215 is superior to other types of aircraft that were used in fire suppression activities.

HOHMAN - The CL-215...why was that on the fire? What kind of relationship does the State Fire Suppression have to the CL-215? They didn't own the aircraft apparently. Was it under contract?

GROGAN - I don't know what the arrangement was. It was on some sort of a demonstration. I don't know whether the state (...inaudible...) put up funding for that or not.

HOHMAN - It appears, from your standpoint, or from the testimony you received, that this is superior equipment?

GROGAN - I don't have any reason to have any knowledge on it because I didn't look into any of the activities that went on last summer. But what I'm getting at is that this document is all about the support of the purchase of the aircraft and its superiority to other types of aircraft.

HOHMAN - Do we have this aircraft available to us from any other source ...and...from purchasing it?

GROGAN - That was discussed by several legislators as I recall, and the thing I heard - and I didn't see any documentation on this - but I heard that one or more charter companies in Anchorage were willing to purchase the aircraft and lease them to the State, but that the lease would be about \$1,000,000 for the fire fighting season. So that would mean that under a lease you would actually buy this airplane every two and one-half years for two and one-half fire seasons.

HOHMAN - Does the State have an option to purchase the aircraft? The CL-215's?

GROGAN - It was my understanding that they did, but the option was due to expire in April. And I don't know whether an extension has been (...inaudible...) or what the situation is on that. But I've been told by DNR that they did have an option.

HOHMAN - I've been told that the option has not expired either. Maybe the initial option did, but they do have an extension on the option. And its difficult, really, without the help of the Administration, to determine whether thats factual or not. Are you familiar with the option? The purchase price?

GROGAN - The purchase price is...they are not exactly the same price as I understand it. But the two aircraft total would be a \$5,000,000 figure. I understand that new aircraft in production will be priced at around \$4,000,000 apiece, but as these are in existence and have some hours on them, they would be offered at roughly \$2,500,000 apiece.

HOHMAN - 4.7? Do you recall that as the figure for both aircraft?

GROGAN - I worked that up when the language, as it originally drafted, was put together. And I can't remember exactly the numbers. I've got some notes on it.

HOHMAN - The people in private enterprise...do they enjoy the same advantage that the State does with regard to purchase of aircraft? If \$4.7 (or rounded out to \$5,000,000) is the purchase price for these two aircraft under the State option, do you know whether or not the private enterprise can purchase the aircraft at that price, or whether they're going to have to pay the \$5,000,000 per aircraft, perhaps \$10,000,000 - twice as much?

GROGAN - No, Sir, I don't. Nor do I know whether they would be able to...as I understand it, the company was offering the aircraft under a loan that was sponsored by the Canadian government and I don't know whether a private contractor would be able to secure a loan like that either.

HOHMAN - Do you know the terms of the loan? The interest rate?

GROGAN - The terms are 15% down and 10.5% interest with a seven year pay-out. And that is what that original language is calculated on. The \$705,000 would be 15% of the total.

HOHMAN - I don't suppose you are in a position to say whether a person in private enterprise could get 10.5% money or whether they would have to pay what is current now - 15% or higher - for aircraft financing? Whatever it is - what is the going rate?

MEEKINS - Higher than that isn't it? Well, the prime...it was 17%, but the aircraft isn't going to get prime.

KERTTULA - No, two points, three points, maybe five points.

MEEKINS - Yes.

HOHMAN - Again, its difficult to know, without people from the Administration being present, people that have dealt in this subject area...that its my suspicion, and I think they might confirm it...that if we let the private enterprise function in this area, purchase the aircraft, they may be spending twice as much for the acquisition of the aircraft because of the Canadian government's attitude, or evaluation of Alaska, the State of Alaska as...the financing person, good attitude, and the lower interest rates, we may see private enterprise paying twice as much in interest costs. All of these costs of course, are going to be passed back to the State, in the contract we have with the person in private enterprise. I tend to support the purchase of these aircraft for those reasons. I really regret that the Administration is not here to confirm that. If they're not valid, I wouldn't support State purchase of the aircraft. I think that most of these things are done better by the private sector. But I think the private sector just has too heavy a burden to bear in this case and its my opinion that they can't be competetive. That would place a greater burden on the State with that type of arrangement...relationship with the private sector. I have heard people that have observed this aircraft indicate that they'd come in at say 85 knots on a lake and can in something less than a minute, fill their capacity for water - about 3,500 gallons - and they're off attacking a fire. They don't have an access problem to the fire since they're airborne - they can discharge and turn around. And, I've not read this document, but I did open it to a page that talked about a fire in the Interior of Alaska which

utilized the aircraft there, the CL-215's, utilized Brown Lake (?) as a source of water, and that they had a five minute turn-around time from water source. And, in their evaluation, they're talking... the people that are talking in this memo - Dale Anderegg, Forest Technician III, Acting Fire Boss on this particular fire, Kenai Peninsula Area Office...it released..."The CL-215 was the ultimate fire suppression tool for this fire and more than likely saved more acres from burning...". Didn't require a great personnel involvement.

END OF TAPE # 19, SIDE 2

VERBATIM TRANSCRIPT
FREE CONFERENCE COMMITTEE ON H. B. 60

Re: CL-215

May 8, 1980 (FCC-80 on HB 60 Tape No. 20, Side 1 (001-501))

MONTGOMERY - for information which gives us what we paid for fire suppression air last year? Did we use planes last year to fight fires?

GROGAN - Mr. Chairman, that's correct, we did.

MONTGOMERY - Did we use this type of plane?

GROGAN - Only to the extent that it was a demonstration. Now the state may have paid (inaudible) hangar charges and fuel and things like this. I could check into that but I don't have that information.

MONTGOMERY - I don't know anything about the particular plane except what I've heard, and I'm not an expert on this field, but I am concerned about the State of Alaska going into the aircraft business. And I question . . . and if statistics could prove otherwise, well I would certainly back off, but it seems like we would have to compare our price of fighting fire where we lease as what it will cost us if we buy two airplanes. The age of the airplane, do we know the age of these two planes? Or the number of total hours on them?

GROGAN - I don't know but I'm sure I could get that information.

MONTGOMERY - Who is the option with? Do we know that?

GROGAN - It's with the Canada Air Company.

MONTGOMERY - With the company itself, do we have a signed option with them?

GROGAN - That's my understanding.

HOHMAN - See we're at a loss because we don't have the administration people here to respond to your questions, or my questions.

MONTGOMERY - And then one other statement. You mentioned earlier who . . . you said you had . . . there was several people supported this type of plane. Do we have documentation of people supporting it?

GROGAN - (Inaudible) from the department and people actually in the field last year (inaudible) conducting a test, they were just trying to evaluate the plane in an actual fire suppression situation.

MONTGOMERY - Then I guess I would be interested, very interested, in . . . is there lease equipment available? In other words, the purchase is not the only thing. The purchase is a small part of it, and the price may be attractive, but if we don't know the age of the plane, number of hours since major overhaul--the price may appear good, but what will the maintenance and operation be? I'm a little suspicious of that. I think that the power plant on those are the same things that are used on the DC-6, the old Pratt & Whitney R-2800 or something like that. I would be a little suspicious of that until I checked to see if parts were available because I think maintenance is going to be a shocker. And then my . . . another question I haven't heard is the insurance. I think the insurance rates is something the State would have to look at very carefully. And I don't have a preconceived notion, but I, and I will stand to be convinced, but I think those questions that I asked and probably that many more it would take to satisfy me before I could recommend purchase. I just . . . the other

thing, how many hours per year would the State anticipate using that equipment?

GROGAN - Mr. Chairman, based on the prior experience, that's a very difficult thing to do, and I think the idea of the language that's in the bill now was to simply put funding in there to initiate a contract and leave that open depending upon the fire season, because it's a highly variable thing.

MONTGOMERY - But if we purchase it, then it's our plane and it's the same as that xerox machine out in the hall. If we can't afford to buy that machine out in the hall if we're only going to xerox eight letters a day, you know. So the point is, the utilization factor of especially a technical piece of equipment that's equipped basically for fire fighting, which this is, will have a relatively short period of use. And if that period is too short, and those expenses which I brought up are high, I question the viability of buying rather than considering leasing. Has anyone looked to see if there are other types of planes in the State to lease? Because we're talking about a major purchase when you're talking about this type of purchase. Maintenance and operation is going to be a tremendous problem with an airplane. So I . . . it bothers me, I'm very concerned about it. Very concerned.

HOHMAN - Mr. Chairman, you haven't told me, but I understand that you've had some experience with the . . .

MONTGOMERY - No, these planes?

HOHMAN - No with big airplanes.

MONTGOMERY - I wouldn't want to brag about that. (Laughter) Someone

else paid the repair bill on that over in Europe and I wasn't worried about maintenance and operation. (Laughter) That was someone else's responsibility.

HOHMAN - My point is that you're not a greenhorn in these areas.

MONTGOMERY - No, but I'm really concerned in all seriousness, Mr. Chairman, about the buying of something that's this expensive with those points that I mentioned. I'm really concerned about that because we could have a pig in a poke and the first thing that usually happens when you buy a plane, and you buy it for one specialized thing, and then you don't have very many fires that year but you've still got the equipment, you're paying the insurance, you've got the upkeep, you've got the maintenance, you've got somebody that's going to be able to fly it, and you're going to start to use it for something else, you're going to think about that. And that could be bad, unless you have a real need for it.

HOHMAN - In that regard, has the administration not looked into other uses for the aircraft?

GROGAN - I think again, Mr. Chairman, this report is supposedly an evaluation where they considered leasing, buying, and various types of aircraft and everything else. I can only assume, since they made the request in the first place, that they evaluated all the considerations and they chose this one because it seemed to be the best way to go.

MONTGOMERY - Mr. Chairman, who did the evaluation?

GROGAN - The Department of Natural Resources.

MEEKINS - Ted Smith's division?

GROGAN - Right.

MEEKINS - Mr. Chairman.

HOHMAN - Wasn't there testimony earlier before the committee that California was interested in leasing this equipment?

GROGAN - Right.

HOHMAN - That's what I meant, alternative uses for the airplane.

GROGAN - They were interested in possibly leasing these aircraft from the state, assuming that the state owned them, during the winter which is their fire season in Southern California. I did hear that they have a proposal right now in the state Senate to purchase some of these aircraft themselves, so if that should come to pass perhaps they wouldn't be interested. Again, as far as I'm concerned this is just hearsay; it's not backed up with any documentation.

HOHMAN - But there has been some discussion between the two state governments, the people here in Natural Resources (inaudible).

GROGAN - Right, apparently so.

HOHMAN - And then isn't there another use other than fire suppression that these aircraft, with additional accessories, might be used?

GORGAN - I think that's mentioned in here. It's not really well detailed. As I recall but other departments expressed interest in using the airplanes.

HOHMAN - And that's in pollution control. One of the other uses is pollution control?

GROGAN - I can't recall. The aircraft, as I understand it, would be available for a wide variety of uses inasmuch as it is capable of carrying men or machinery or, you know, equipment, not just water. So it could be used for . . .

MEEKINS - Can it scoop down and pick up equipment? (Laughter)

HOHMAN - Money, we have a surplus cash problem. (Laughter)

MEEKINS - How about oil on the North Slope?

HOHMAN - My point is that the administration has been actively pursuing, with the State of California, sort of a joint venture thing, or leasing the aircraft in the fire suppression use, and they've been looking at other uses for the aircraft other than fire suppression. Whether it's pollution control and I don't know what else, those two just stuck in my mind, and what I'm afraid of is that we're going to sit here and make a decision that may preclude the administration from operating in some of these other areas, when they have been pursuing, right? the same kinds of questions that Representative Montgomery is asking--valid questions--they've been pursuing, and they have done some research.

Senator Kerttula.

KERTTULA - Mr. Chairman, like Joe, in my years I had equipment on flyer lease from 1952 BLM to 1960; I fought in a lot of fires. I had at least one Cat at all times available for BLM--it was on the register--even this one year in the scenic and populated and well forested--heavily forested--the good forested areas--of which we had very few, a major fire with old PBY equipment using pumpers has the distinct chance and far greater opportunity of getting out of control than with this equipment. Private enterprise can bring in some competitive price, this equipment can really move in and do it. You and I agree. But if in fact this is remote or conjecture and can't happen, or isn't apt to happen, the loss or the cost to the

state may not be even excessive cost for the use of this equipment. It may be those horrible losses that you might be able to predict by virtue of the fact of not having the equipment, and that really bothers me, and again, I can tell you the difference. I've only been told about these pieces of equipment; I haven't seen them, but I've had it explained to me by a flyer, and they come in and scoop and dive, dump and are back at it again. I'd worry about a log injection or something, but that's what they do. Of course this pumping on and going over there and dumping, I'll tell you, you might . . . at first, an initial . . . and you know attack on a fire it can get into it is the one where you save the dollars when you save everything. And if you don't get in there fast enough and quick enough, you know, any other alternatives may be disastrous. I'm not trying to be a scare tactic, but I do think that that's one of the things that we ought to think about. And I, as I said, I was at it for eight years. And I've never mentioned this or brought it in but it's a fact. And I think that we ought to be concerned with that too which has never come up in this part of the debate as part of the discussions on the Senate side at least when we went through this before. And I know it was a House proposal originally, or thought it was. We had it before us too, but . . .

HOHMAN - I think I've misrepresented the capacity of the airplane.

KERTTULA - Won't pick up that much tonnage?

HOHMAN - It won't pick up that much. It'll pick up 1500 gallons according to this one report: "This twin engine amphibious plane is designed to scoop 1500 gallons of water out of lakes or oceans and drop it on fires, extinguishing flames on an 18,000 square foot

area every three minutes." and it goes on. This was written by someone in Malibou, California area. It points out that, had one or more CL-215s been available to the city in October 1978, several homes destroyed by the fire might have been saved.

(Unidentified voice--inaudible comment)

HOHMAN - That's yours?

GROGAN - Well, yea, its mine.

HOHMAN - Give it back to (inaudible).

HOHMAN - What I'd like to suggest to the committee, I see that Mr. Reinwand and Dr. Lehr are back again, is it 7:30 already?

(Unidentified voice - Yea.)

HOHMAN - is that we have a motion before us to delete the language that's in the marked up . . .

(Unidentified voice - In the draft, not the final.)

HOHMAN - Whatever.

(Unidentified voice - Yea we know what we're talking about.)

HOHMAN - Okay, and that directs toward the purchase of the aircraft. I wonder if a compromise might not be effected by adopting the more recent version with the language which gives the Administration the option, I think, as I understand it, to either go into purchase or to go into whatever other way of handling fire suppression.

KERTTULA - The first bill I ever carried on the floor of the House twenty years ago was the fire suppression bill, \$300,000.

HOHMAN - The first one I ever carried was a miscellaneous claims bill, \$15.00 checks.

MEEKINS - Mr. Chairman, I think the House members are interested in hearing from the administration in this area.

HOHMAN - We have, I don't know how to background you, but we have this language adopted by the committee, these two sections here.

And what they do is point you in the direction of purchasing aircraft for fire suppression. We have other language which appears . . .

Do we have another copy of this bill? It's on page 20, section 152, which appropriates the same amount of money in this one section that's appropriated in the two that you have before you. And it gives the administration discretion. The green booklet there

I think may have come from the administration--it talks about the effectiveness of the CL-215 and describes the use of those aircraft on a demonstration basis last year, I believe, in the Delta fires and so forth. We're wondering about the aircraft, the administration's opinion on, and I might point out, we don't want to defer the--it's my attitude--we don't want to defer the question, we'd like to address it tonight.

REINWAND - I can understand that. I know the committee's worked hard and diligently over this bill. Mr. Chairman, in all candor, there have been some very serious questions raised about the efficacy of this appropriation, and until I have an opportunity to discuss those further with the Governor, I would request that the committee not act on this appropriation and take it from this bill. And one possible option to consider as Mr. Lehr presented earlier in the evening, it be taken up again with the administration's bill. I think it would be

inappropriate to say anything more on the issue at this point.
I would leave Mr. Lehr here to answer any technical questions.
Thank you.

HOHMAN - So, we're back to the compromise that was suggested then.
(unidentified laughter by members of the committee) That's the
speech there that we could have received at 7:30 (more laughter)
or at 5:00, you know.

MEEKINS - Could we have an "at ease"?

HOHMAN - We'll stand at ease.

HOHMAN - Call the meeting back to order.

MEEKINS - Question.

HOHMAN - On your motion?

MEEKINS - Yes.

HOHMAN - To delete? Or do you want to withdraw your motion?

(continued on next page)

MEEKINS - Uh, what is the question? The question is to delete, right. O.K., uh yes, lets vote on it.

HOHMAN - O.K. The question before us, as I understand it, is to delete the language that is here...(paper shuffle).

MEEKINS - Right, thats correct.

(muffled voices....? These two...)

KERTTULA - Thank you very much. I'd like to look at it again. That's the detailed one?

HOHMAN - Uh Huh.

KERTTULA - Yes.

MEEKINS - Delete from this bill. This appropriation.

HOHMAN - All in favor.... Are you ready for the question? I object if its a unanimous consent. All in favor of the deletion motion signify by raising your right hand. All opposed, same sign. So, the motion fails. I would move for the deletion of that language and the substitution thereof of the language in section 152 in this form.

MEEKINS - O.K., we know what it is.

HOHMAN - The sum of \$805,000, and so forth. The question is called for. Ask unanimous consent.

DUNCAN - Object.

MONTGOMERY - Object.

MEEKINS - Object.

HOHMAN - Question is...all in favor signify by raising your right hand. All opposed, same sign. The motion fails.

KERTTULA - Is there any other middle ground Mr. Chairman?

HOHMAN - Perhaps not.

MEEKINS - Adjournment.

HOHMAN - Adjournment...(chuckle). Uh, I've signed the report. Is anyone else interested in signing the report?

MONTGOMERY - You three sign it and we'll fill out the top five.

(laughter) Go ahead. (laughter)

KERTTULA - I'd like to sign it and be done with it. Unless there is some...(one word inaudible)....

MEEKINS - Mr. Chairman?

HOHMAN - Representative Meekins.

MEEKINS - I'm really not trying to be obstructive, but I'd be interested in an adjournment motion - if anybody made one.

HOHMAN - Uh huh. We have...we have, uh...(inaudible)...Senator Hackney...(inaudible)...?

KERTTULA - (...one word inaudible...) Isn't...its not an intent, that last motion that was defeated? (shuffled papers to find bill)

HOHMAN - The Senate has signed the report and is ready to conclude its business on this bill. Representative Meekins?

MEEKINS - I move we adjourn.

HOHMAN - We stand in adjournment.

MEEKINS - Meeting come to order.

HOHMAN - Farmers come out the woodwork, huh?

MEEKINS - Ya. (laughter)

KERTTULA - Looking for my spectacles.

HOHMAN - So you can make a spectacle of yourself? (laughter)

MEEKINS - O.K. Where are we? We have, uh...on the House side we had two issues that we are still interested in resolving, and have

been asked to do so by our Speaker and various others in the House majority caucus and, uh.... I think what we'd like to try to do is see if we can reach some accommodation on those two issues. And the issues that are requested to be put into the budget with Legislative Intent that no appropriations to the Council shall be expended without approval of the majority of the Council. Did I say that right? And, also the deletion of the \$805,000, which is in two appropriations - \$100,000 and \$705,000. Uh, deletion of those two appropriations and that language.

HOHMAN - Let me...just to be sure that I understand. The language that's in there is language that was proposed by the House side. The language that expresses the Administration's position on that particular project. So far as we know, the Administration, uh....

MEEKINS - That language was worked out by representatives of DNR and Bob Grogan, and moved by the House side.

HOHMAN - So you are essentially...let me just say it.... That reflects the Administration's viewpoint in that particular area - so far as we can determine. It's a matter of conjecture because they have refused to sit at the end of the table, as recently as yesterday, to clarify, or to answer questions on the project.

MEEKINS - There has been some speculation - don't know if I should say this on the record, but, uh - if you look at this the day today, and you take seventeen days, you get to the very last day of this month, which is right before the Labor Day weekend. So, if you miss today on this budget and pick it up on Monday, you end up with the veto override day as June 3. It might be a lot tougher to be here June 3 than it would be the 29th or so of May.

KERTTULA - Sure.

MEEKINS - I've heard some speculation on that, but I don't know. Speculation...underlying....

HOHMAN - Mr. Chairman, so much for the second suggestion that's submitted. The first suggestion is a meaningless suggestion, since I think that whoever is pushing it from your side, that they were aware of Council actions, its an unnecessary move. Uh...

MEEKINS - Mr. Chairman, that point has been made. Or, I'm the Chairman, wait a minute...Senator.

HOHMAN - I mean its a continuation of some kind of crazy mental machinations in the part of your...or aberrations...in the part of someone on the House side. And I would like to point out that what you're doing is taking action which is going to restrict - this "eating on ourselves" kind of activity - is going to restrict the operations of the Budget and Audit Committee, the Finance Commission as well as Legislative Affairs and Council. So, uh, with that in mind, you make your motions...because I'm telling you...that its upsetting to me to spend my time and energy in these "no production" kinds of activities...in these things that feed the public's image of the Legislature as a "play-around" type group. And, I'm going to devote some energy to see that there's equal treatment as we go from both of the two branches of this Legislature. Those controlled by the Council on the one side, and those controlled by the Budget and Audit Committee on the other. You make the motions that you think are appropriate now and I'll ask for unanimous consent.

MEEKINS - I move that we delete the appropriation for \$705,000 and its attendant language in regard to the purchase of the CL-215's, and delete the \$100,000 for the operation and maintenance, and its attendant language.

HOHMAN - Ask unanimous consent.

MEEKINS - Is there objection? (gavel) Motion carries. Stand at ease.

DUNCAN - Mr. Chairman, I would move that the Free Conference Committee adjourn.

MEEKINS - Is there an objection?

HOHMAN - What's implied in that now? Sign the report? I've lost the report Mr. Chairman.

MEEKINS - Don't do that. (laughter)

HOHMAN - Oh, here it is. Ask unanimous consent.
(gavel)

END OF TAPE NO. 20
(Side 1)

1980 SESSION
FREE CONFERENCE COMMITTEE
BOND BILLS

May 29, 1980 to June 2, 1980
FCC Bond Bills #80-1 & #80-2
(sides 1 & 2)

The Free Conference Committee on Bond Bills (Representatives Rogers, Branson and Schaeffer; and Senators Colletta, Tillion and Ferguson) reported out FCC bills for the following:

HB 560 - g.o. bonds for paying cost of energy conservation, code upgrade, and architectural barrier removal for state facilities.

HB 561 - g.o. bonds for cost of capital improvements for education facilities, library facilities, and University of Alaska facilities.

HB 563 - g.o. bonds for cost of highway, ferry, airport, port, harbor, and local service roads and trails construction and improvements; public transportation; and planning transportation projects.

HB 689 - g.o. bonds for cost of capital improvements for water and sewer systems, solid waste facilities and village safe water and solid waste facilities.

HB 691 - g.o. bonds for cost of capital improvements for fisheries facilities.

HB 752 - g.o. bonds for cost of cultural facilities.

TRANSPORTATION BOND ISSUE

FEDERAL AID HIGHWAYS

Central Region increase by 560,000 5,418,000
Southeast Region increase by 14,000 1,613,300

Seward Hwy
Haines

STATE HIGHWAYS

Stikine to Evergreen - reconstruct	Wrangell	1,629,000
City Streets	Kotzebue	2,269,000
Wooley Lagoon Road upgrade	Nome-Teller	400,000
Dexter Bypass upgrade	Nome-Teller	500,000
East Northern Lights Blvd		
Lake Otis to Boniface	Anchorage	6,660,000
Saint Marys' - Pitkas Point road		1,219,000
North Slope Haul Road culverts		2,600,000
Gilmore Trail-repaving	Fairbanks	1,530,000
Johnson Road - realign and resurface	Fairbanks	1,705,000
Boniface - Tudor to DeBarr	Anchorage	2,430,000

AVIATION

Homer airport	180,000
Hoonah airport	1,200,000
Chignik Lagoon runway	400,000
Big Lake airport runway improvement	100,000
Levelock runway	425,000
Skagway runway	982,000

MARINE TRANSPORTATION

Passenger Terminal buildings	(Auke Bay, Sitka, Petersburg)	3,650,000
Ferry Terminal Shelters	(Clarks Bay, Metlakatla, Angoon, Kake)	150,000
Terminal Building	Prince Rupert	1,000,000

PORTS AND HARBORS

Homer harbor	6,100,000
Near Island harbor	2,000,000
Ketchikan boat harbor	1,300,000
Petersburg boat harbor	3,750,000
Hoonah boat harbor	1,900,000
Sitka boat harbor	1,400,000
Auke Bay floating breakwater	3,500,000
Nome port facility	5,000,000
Cordova small boat harbor	4,000,000
Seward (small boat harbor)	4,500,000
Sand Point dock	3,500,000
Port Lions boat harbor	1,100,000
Dillingham port facility	3,000,000
	70,653,000

UNIVERSITY OF ALASKA BOND ISSUE

Sewer connection	Sitka	75,000
Utilities modification		800,000
Handicap barrier removal		275,000
		<u>1,150,000</u>

FISHERIES FACILITY BOND ISSUE

Fisheries vessel	4,218,800
Ship Creek hatchery	1,250,000
Trail Lakes hatchery	2,000,000
	<u>7,468,800</u>

STATEWIDE ISSUES SENT TO GOVERNOR

Correctional Facilities 28,350,000

STATEWIDE ISSUES TENTATIVELY APPROVED BY FREE CONFERENCE

Transportation:

Federal aid highway matching funds	28,418,300-
Aviation matching funds	3,117,300-
Marine Transportation matching funds	4,768,200-
Local Service Roads and Trails	10,000,000-
	<u>46,303,800</u>

Water, Sewer, Solid Waste, Village Safe Water 38,000,000

Building upgrade: energy conservation, code, arch barrier 18,787,500

Education:

Community Library grants	500,000
Teacher housing	1,000,000
	<u>1,500,000</u>

Total tentatively approved (except fish vessel) 132,941,300

STATEWIDE ISSUES UNDER CONSIDERATION

Transportation	70,653,000
University of Alaska	1,150,000
Fisheries Facilities	7,468,000
	<u>79,271,800</u>

212,213,100

BALANCE AVAILABLE TO REMAIN WITHIN \$320 million 107,786,900

5/29/80

BONDS FCC

STATEWIDE PROJECTS

<u>HB 562</u> Corrections (not in FCC)	28350.0	(entire bill)
<u>HB 561</u> Education/UA/Libraries		
Community Library Grants	500.0	
Teacher Housing	1000.0	
<u>HB 563</u> Transportation		
Federal Aid Highways (corrected #)	28418.3	
Aviation/ADAP Match	3117.3	
Marine Transportation/Fed Match	4768.2	
Local Service Roads & Trails	10000.0	
<u>HB 689</u> Sewer & Water	38000.0	(entire bill)
<u>HB 691</u> Fisheries Protection		
Patrol Vessel(s)	4000.0	
<u>HB 560</u> Building Upgrade	18787.5	(entire bill)
 TOTAL TENTATIVELY APPROVED AS STATEWIDE	 136941.3	

1980 G.O. BOND ISSUE FCC

<u>BILL</u>	<u>HOUSE</u>	<u>SENATE</u>
HB 560 am S Building Upgrade	18100.0	18787.5
SCS CSHB 561 (Rules) Education/University	78700.0	93815.0
SCS CSHB 563 (Rules) Transportation	100720.0	122775.6
SCS CSHB 689 (Rules) Water, Sewer, Solid Waste	38000.0	38000.0
SCS CSHB 691 Fisheries Facilities	4218.8	5468.8
CSHB 752 (Finance) am S Cultural Facilities	52000.0	64000.0
TOTAL	291738.8	342846.9
NOTE: CSHB 562 (Finance) passed both House & Senate at 28350.0		
TOTAL WITH CORRECTIONS BOND ISSUE	320088.8	371196.9

Alaska State Legislature

SENATOR
ARLISS STURGULEWSKI

COMMITTEES
CHAIRMAN
Community & Regional Affairs

VICE-CHAIRMAN
Commerce

Health & Social Services



Senate

2957 SHELDON JACKSON
ANCHORAGE, ALASKA 99504
DISTRICT 10-H

While in Juneau
POUCH V
JUNEAU, ALASKA 99811
(907) 465-3712

May 29, 1980

TO: Free Conference Committee Members
on Senate CS for CS for HB 563 (Rules)

FROM: Senator Arliss Sturgulewski (AS)

Re: Reconstruction East Northern Lights Blvd. from Lake Otis
Parkway to Muldoon Road

Reconstruction of East Northern Lights Blvd. from Lake Otis Parkway to Muldoon Road is included in the DOT/PF, CIP 81-82 pg. 166, Governor's capital program agency request with a cost of \$11,660,000 with a general fund source. The Governor proposed a G.O. bond request in the amount of \$6,660,000 (see attachment No. 1). The Free Conference SC for HB 60 included \$5,000,000 for the East Northern Lights reconstruction (see pg. 36 of the attachment to the Free Conference Committee report). The \$5,000,000 included in HB 60, plus the Governor's proposed bond figure of \$6,660,000 would have created the needed funds to complete the Northern Lights project. However, Senate CS for CS for HB 563 (Rules) includes proposed bonding of only \$4,000,000 for the reconstruction of East Northern Lights Blvd., leaving this project \$2.6 million dollars short.

The reconstruction of East Northern Lights Blvd. is seriously overdue. Portions of the existing road are treacherous, with high traffic volumes, poor lighting and inadequate design. The Municipality of Anchorage CIP includes this project. Specific resolutions of support have been given by the University Area and the Scenic Park Community Councils. I respectfully request raising Item 20, SCSCS for HB 563 (Rules) reconstruction of East Northern Lights Blvd. from \$4,000,000 to \$6.6 million so that full funding will be available for construction of this important traffic carrying arterial which serves a major part of the Anchorage community.

Attachment

STATE OF ALASKA -- CAPITAL FUNDING SOURCE SUMMARY

* * * * * TRANSPORTATION * * * * *

FY 81

	TOTAL	FEDERAL RECEIPTS	GENERAL FUND	PROGRAM RECEIPTS	G.O. BONDS	OTHER	PAGE NUMBER
TRANSPORTATION							
DEPARTMENT OF TRANSPORTATION/PUBLIC FACILITIES							
CENTRAL HIGHWAYS							
PALMER-WASILLA HIGHWAY	8000.0	7440.0			560.0		149
WASILLA URBAN	3500.0	3255.0			245.0		149
SEWARD HWY-MCHUGH CRK-BRCH PT	17000.0	15810.0			1190.0		149
UNALASKA CULVERTS	150.0	139.5			10.5		149
PUBLIC TRANSIT COACHER: ANCH.	2707.0	2544.6		162.4			149
ANCHORAGE BUS TURNOUTS	550.0	511.5			38.5		149
GLENN PATHWAY: ANCH. DOWL AREA	2000.0	1860.0			140.0		149
VAN POOLS: ANCH-MAT-SU	75.0	69.7			5.3		149
KODIAK PAVING	1500.0	1395.0			105.0		149
SEWARD HWY INTERCHANGE LIGHT.	1750.0	1627.5			122.5		149
STERLING HWY MILE 72 - 84	4000.0	3720.0			280.0		149
WEIGH STATION RECONSTRUCTION	704.0	662.0			42.0		149
BONIFACE INTERCHANGE	5485.0	5101.0			384.0		150
DIMOND BLVD. ARR TO JEWELL LK	4555.0	4236.1			318.9		150
SEWARD HIGHWAY MI 36 N	6000.0				6000.0		150
URBAN LANDSCAPING: ANCH	300.0	279.0			21.0		150
POTTER WEIGH STATION	707.0	657.5			49.5		150
RECON. RASPBERRY RD.	1584.0	1474.0			110.0		150
STDY PROPOSED N. SIDE CORRIDOR	455.0	423.1			31.9		150
GLENN HWY, BRAGAW INTERCHANGE	1140.0	1060.2			79.8		150
OLD SEWARD HWY.	200.0	186.0			14.0		150
RECON GLENN HWY PALMER-K.RIVER	1640.0	1525.2			114.8		150
NEW SEWARD INTERCHANGES	2235.0	2073.5			156.5		150
WASILLA BYPASS	240.0	223.2			16.8		151
BRAGAW-TUDOR TO ABBOTT: ANCH	50.0	47.0			3.0		151
DOWLING RD, LAKE OTIS TO RASP.	200.0	188.0			12.0		151
STERLING HWY MILE 37 TO 50	220.0	204.6			15.4		151
GOOSE BAY TO PT MACKENZIE	4000.0				4000.0		151
RECONSTRUCT HYER ROAD	750.0				750.0		151
BONIFACE PKWY-TUDOR TO DEBARR	2430.0				2430.0		151
A-C COUPLET	8000.0	7440.0			560.0		151
N. LIGHTS/LAKE OTIS MULDOON	6660.0				6660.0		151
REGION CONTINGENCY	3439.5	3207.9			231.6		151
*** PROGRAM TOTAL ***	92226.5	67366.1		162.4	24698.0		
CENTRAL REGION AVIATION							
DUTCH HBR. RUNWAY EXT.UNALASKA	6600.0	5940.0			660.0		152
TOGIAK AIRPORT RELOCATION	3500.0	3150.0			350.0		152
HOMER NEW AIR CARRIER APRON	1800.0	1620.0			180.0		152
KODIAK AIR CARRIER APRON EXPAN	2400.0	2160.0			240.0		152
MANOKOTAK AIRPORT RECONSTRUCT.	300.0	270.0			30.0		152
AKUTAN AIRPORT CONSTRUCTION	1500.0	1350.0			150.0		152
CHIGNIK LAGOON RUNWAY RECONST.	400.0				400.0		152
BIG LAKE ACCESS IMPROVEMENTS	100.0				100.0		152
LEVELOCK RUNWAY	425.0				425.0		152
OUZINKIE AIRPORT	731.0	657.9			73.1		152
CONTINGENCY	841.6	757.4			84.2		152

STATE OF ALASKA -- CAPITAL BUDGET SUMMARY

11:39

5/09/80

***** TRANSPORTATION *****

SHORT
FORM
PAGE

BUDGET COMPONENT	FY80 HSE	FY80 SEN	FY80 GOV	F.C.C.	F.C.C. - FY80 SEN COMPARISON	
SAND POINT AIRPORT ROAD	400.0	400.0		400.0		
KENAI PENINSULA RD PAVING	6010.0	6010.0		6010.0		
DIMOND BLVD EXPANSION, ANCH		1000.0			-1000.0	-100.0%
COHOE LOOP ROAD		690.0		690.0		
NASH RD-4TH JULY IMPROVEMENTS		3000.0		3000.0		
BUTTE DYKE, MILE 42-HIGHWAY		1000.0		1100.0	100.0	10.0%
HYER ROAD		750.0			-750.0	-100.0%
GAS WELL ROAD PAVING		250.0		250.0		
KODIAK-NEAR ISLAND BRIDGE		6363.5		500.0	-5863.5	-92.0%
BOARDWALKS SOUTHWEST ALASKA		185.0		185.0		
ALEKNAGIK ROADS		257.0		257.0		
NAPAKIAK ROAD		600.0		600.0		
GOODNEWS BAY RD TO SCHOOL/DUMP		250.0		250.0		
NINILCHIK CEMETARY ROAD		50.0			-50.0	-100.0%
KALIFONSKI/KENAI INTERSECTION		60.0		60.0		
DIAMOND-NEW SEWARD TRAFFIC SIG		360.0		360.0		
WOOD RIVER RD GRAVEL UPGRADE		380.0		380.0		
TULUKSAK RD POST OFF/AIRSTRI		170.0			-170.0	-100.0%
E NORTHERN LIGHTS RECONSTRUCT		4000.0		5000.0	1000.0	25.0%
GLEN HWY LIGHTS AT EAGLE RIV B		45.0		45.0		
OLD GLEN HWY DITCH & CULVERTS		40.0		40.0		
FUNNY RIVER RD ENG, KENAI		100.0		500.0	400.0	400.0%
ANC INTL AIRPORT RD-DOWNTOWN						
E 53RD & LUPINE PAVING, ANC				170.0	170.0	100.0%
PILOT RAIL TRANS PROJECT				1000.0	1000.0	100.0%
KING COVE ROAD EROSION				150.0	150.0	100.0%
JOHNS ROAD, ANCHORAGE				500.0	500.0	100.0%
PALMER-WASILLA HIGHWAY						
WASILLA URBAN AREA						
SEWARD HWY-MCHUGH CRK-INDIAN						
UNALASKA CULVERTS						
ANC. PUBLIC TRANSIT COACHES						
ANCHORAGE BUS TURNOUTS						
GLENN PATHWAY, ANCH. BOWL AREA						
ANCH-MAT-SU VAN POOLS						
KODIAK PAVING						
SEWARD HWY INTERCHANGE LIGHT.						
STERLING HWY MILE 72-84						
WEIGH STATION RECONSTRUCTION						
BONIFACE INTERCHANGE						
DIMOND BLVD. ARR TO JEWELL LK						
SEWARD HIGHWAY, MI 36 N						
GLENN HWY/LNG LAKE/CARIBOU CRK						
PETERSVILLE RD TO MOOSE CREEK						
ANCHORAGE URBAN LANDSCAPING						
POTTER WEIGH STATION						
SEWARD HWY/INDIAN - BIRD PT.						

M E M O R A N D U M

DATE: January 20, 1982

TO: Senator George H. Hohman, Jr.

FROM: Robert L. Grogan, Fiscal Analyst
Legislative Finance Division

SUBJ: FCCS HB 60

Per your request, my recollection of my statements in the proceedings is as follows:

HB 60 was closed on April 30th providing technical changes were to be permitted. All changes were made and the Bill was re-drafted sometime during the period from April 30th to May 8th (the next meeting of the Free Conference Committee).

CERTIFICATE

STATE OF ALASKA

)

: SS.

FIRST JUDICIAL DISTRICT

)

I, Diana Hamar, hereby certify that:

1. I am an employee of the Legislative Finance Division. My duties include, among other things, recording Senate Finance Committee meetings, keeping log notes and minutes of those meetings and storing all of that information. I was employed during the 1980 Legislative session and, along with other staff members, recorded the Free Conference Committee hearings on HB 60.

2. The foregoing pages 1 through 58, contain a full, true and correct transcript of portions of the Free Conference Committee hearings on HB 60, relating to CL-215 aircraft and fire suppression. The tapes transcribed are identified in the Free Conference Committee log book of HB 60 as follows:

Tape No. 1 Side 1 recorded April 11, 1980
Tape No. 1 Side 2 recorded April 11, 1980
Tape No. 2 Side 1 recorded April 12, 1980
Tape No. 10 Side 1 recorded April 26, 1980
Tape No. 13 Side 1 recorded April 27, 1980
Tape No. 19 Side 1 recorded May 8, 1980
Tape No. 19 Side 2 recorded May 8, 1980
Tape No. 20 Side 1 recorded May 8, 1980.

This transcript was prepared by me and Kathy Holmquist, another employee in our office. It was initially prepared at the request of Robert Kocsis, during the last days of the 1980 session. Mr. Kocsis asked us to search the log notes of the committee hearings for references to CL-215 aircraft and fire suppression. After we had transcribed the specific portions he requested, the original tapes of the proceedings were sub-

poenaed for the grand jury. Duplicate tapes were returned to us and we finished the transcript.

3. On September 24-25, 1981, I compared the typed transcript with the original committee tapes still in the possession of the court system. I made a few minor changes in wording in the transcript and was able to make out a few phrases that were previously difficult to understand. I then gave a copy of the transcript to the Attorney General's Office for typing in final form. I have reviewed the attached transcript and determined that it accurately reflects the tapes of the committee proceedings.

4. When reviewing the tapes of the proceedings I used a different recorder than originally made the tapes. The numbers on the tape-counters on the two machines do not match, so the transcript includes both numbers. The first tape-counter number is of the original machine and corresponds to the official log notes of the hearings; the number in brackets is of the machine used to review the tapes.

Diana Hamar
DIANA HAMAR

SUBSCRIBED AND SWORN to before me this 5th day of
October, 1981.

Robert L. Fritz
Notary Public in and for Alaska
My Commission Expires: 6/7/83

VERBATIM TRANSCRIPT
FREE CONFERENCE COMMITTEE ON H.B. 60

April 11, 1980, (FCC-80 on HB 60, Tape No. 1, Side 1' 605[550]-620[565])

LEHR - This is the third table - list of supplemental capital items we have already submitted. This is an extract, if you will, of the two Governor's capital supplemental bills - HB 558 and SB 345. One thing I should draw your attention to is the very last item here. In the original Governor's bill, we had asked for approximately \$5 million to buy some Water Bombers, CL-215 Water Bombers. And evidently the department has talked with one of the House committees and at their suggestion, has modified this request to aircraft leasing for fire fighting, to \$2.1 million. So this would not purchase the airplanes, it would be leasing.

END OF DISCUSSION

April 11, 1980, (FCC-80 on HB 60, Tape No. 1, Side 2 565[522]-602[560])
and 650[589]-655[595])
and 660[606]-666[612])

(Committee establishing the base statewide list.)

MEEKINS - (TAPE FOOTAGE 565[522]) Under Natural Resources, these all were in the Governor's Supplemental Request and the only one that... under Natural Resources that we didn't allow on the House side was the \$5 million for the Bombadair...what was it?...Water Bombers... we didn't allow that, but on the other ones we just took their figures

and.... I suppose it would be possible on these fire fighting costs, to not include the money for it, and if there was a fire, for there to be declared an emergency, take funds from other areas and then come back and supplementally fund like they did this year: What they are requesting is a pot of money so they can...you know... I think the Budget and Audit Committee dealt with that extensively and they got something else being requested to look into things of priority firefighting. We didn't really address it on the House side, we just looked at it as something that should go in under Statewide.

HACKNEY - Mr. Chairman, I would personally hate to see that much money tied up in this Fire Suppression Fund, but on the other hand, I know what happened in the Delta Junction area. We had vendors in that area that waited unconscionable periods of time to get their money because there was no money in the fund.

MEEKINS - Well, they used to be requesting...you know...the \$5 million figure is somewhat arbitrary of course, but...you might not save a million dollars worth of costs. It could be cut if the committee wished. It could be cut to \$2 million or '3. You'd be taking your chances as to whether it was enough.

KERTTULA - Mr. Chairman, The Fire Suppression thing is the first thing I had in any budget - and this was a long time ago. The reason that we delayed was because the federal government always billed us late and we usually required more State lands. My problem with any of the Statewide fire fighting is, I'm not absolutely

certain we're always fighting fires we should be. If we give them a big chunk of money here, they'll probably be fighting other fires they shouldn't be. There is an awful lot of land - it would be better off, once it starts, to burn and then the browse is available very shortly for the game animals and so on. They get to fighting in these Jack Spruce areas and so on, and its purely ridiculous, and it just wastes tremendous amounts of money. And you can't convince bureaucracy to let some of these things burn, don't burn some of the others. And, as I understand it, there is a pretty good story at Big Delta for the stupidity of burning it. They should have run a big cut around it with cats and let it burn out, because that's exactly what you're going to do with it in a few weeks and months anyway. And, I'd hate to give them \$5 million and have another \$5 million coming up when they got a little bit nervous asking for a huge supplemental.

MEEKINS - Senator, we could give them \$2 million and then put \$3 million in for the Anchorage Aviation Project.

KERTTULA - That's true, with a little percentage for some of the regional areas later. (laughter)

(TAPE FOOTAGE 602[560])

END OF DISCUSSION

(TAPE FOOTAGE 650[589])

(committee continued establishing the Statewide list)

MEEKINS - What I'd like to do is agree upon those things we can agree on, put in...and then...hopefully there won't be any that we want to set aside, but maybe we can set some aside. Well, you might want to set aside that Fire Suppression Fund. But if we can agree upon the others for Statewide, then we can get to the heart of the matter, which is the individual requests.

(TAPE FOOTAGE 655[595])

END OF DISCUSSION

TAPE FOOTAGE 660[606])

MEEKINS - Would you like to take this...set aside this Fire Suppression Fund and look into it in more detail before we agree to that high a figure?

(unidentified inaudible responses from members)

KERTTULA - Yes sir, that and perhaps the consideration of that aviation facility. And there's apt to be something else.

MEEKINS - Let's set aside that \$5 million for now and get some back-up on that. Can you...can the staff or Ron, or whoever's got it, get us copies...Ron, can you get us copies for tomorrow that we can have at each members' desk?

LEHR - Right.

(TAPE FOOTAGE 666[612])

END OF DISCUSSION

April 12, 1980, (FCC-80 on HB 60, Tape No. 2, Side 1 498[559]-587[610]

HOHMAN - Representative Meekins?

MEEKINS - O.K., this document only represents the \$3.6 million? Do you have anything on the \$5 million and the \$854 million?

LEHR - Mr. Chairman? I didn't bring the one on the \$854, I thought you wanted just the other one on the Fire Suppression Fund, and on the back of that packet is also the five...basically the Capital Budget submission on the \$5 million for the Fire Suppression Fund - they explained why they felt they needed that much money.

MEEKINS - O.K.

(informal discussion on the \$854, and requests for xeroxing - most discussion muffled)

MEEKINS - Mr. Chairman, I don't propose that we go through that information in full committee, but now that we have it, we can independently check it and see if we want to keep that figure...the House will try to make up its mind on that between now and the next meeting.

(further muffled informal discussion)

HOHMAN - Are we ready to attack (...inaudible...)

MEEKINS - Mr. Chairman, I might point out that we have the Wally Miller memo here on that same set of numbers.

(further muffled informal discussion)

HOHMAN - Mr. Hogan, what does the Miller document tell us with regard to these Natural Resource....

HOGAN - The costs are....

MEEKINS - Says the reason that they ought to have a plan.

HOGAN - Right. And, too, what came out of the question for the Fire Suppression Fund, is that its purely an arbitrary figure - it could range anywhere from \$0 to \$5 million, as was requested, in abeyance of fires that may or may not occur this season. When the fire fighting costs are due...the warehousing is probably not too controversial. And the purchase of the equipment...my understanding now is that the department has suggested instead leasing the equipment rather than buying it. Traditionally, Mr. Chairman, in the past..(..inaudible..) that appropriations for funds, fire fighting costs via the supplemental route rather than creating a large fund in advance of the problem.

MEEKINS - I think we can go on to one of the other ones here....

END OF DISCUSSION

GROGAN - Mr. Chairman, this other matter of the water bombers.

MEEKINS - O.K., we've got one other thing to take care of. Do you have a handout?

(Grogan passed out papers - muffled conversation)

HOHMAN - I thought we weren't going to do it.

KERTTULA - This is a lease purchase approach?

HOHMAN - Those acquisitional?

MEEKINS - Bob, do you want to go through the history of this and how you got to this position here?

GROGAN - Okay, Mr. Chairman, the original request that came into the capital budget was for two aircraft. The Wally Miller memo described that...but in any event the initial request was to outright purchase two of these aircraft, and it was felt by some of the members of the legislature that the aircraft was an efficient tool for fire fighting, but that the state shouldn't find itself in the business of running an air force. So as a compromise measure, these two suggested sections here were worked up which (a) as efficiently as possible buy the air craft and then (b) proposes to

HACKNEY - Mr. Chairman, if we're going to ultimately acquire these, we're going to end up flying them.

GROGAN - Well, under this proposal we would be... the first section sets out \$705,000 which is essentially a downpayment for the two aircraft--15% down on the total price which is \$4.7 million. Then, \$100,000 is an estimate of what it would take to fund the contract to fly the aircraft. In other words, some private company would actually be doing the flying, the state would just simply contract on a . . . there would be a fixed minimum fee probably, and then a per hour additional charge. But, that \$100,000 is an estimate of what it will take to do it.

HACKNEY - The state would own the aircraft?

GROGAN - We would own it but not fly it--lease it back to someone else.

KERTTULA - Is that a good idea? A maintenance...?

MEEKINS - We had two possibilities confronting us. One is for the state to get into the air force business, which a lot of people were very much opposed to for their own philosophical reasons. So in the House for instance, in the House Resource Committee, coerced DNR

changed their idea and go to a lease basis. But the lease basis they worked up which was a straight . . . not even . . . just a contract basis, the basis they worked up would have cost . . .

GROGAN - It was a million dollars per aircraft.

MEEKINS - Per year. So that would be \$2 million dollars a year--within three years we would pay out in those contract costs as much as the airplanes cost and not get them. So that was kind of a rip too. So this is kind of a compromise which doesn't get the state into the actual airline business. But we do purchase those things at a fairly decent rate. The new ones coming out would be tremendously more expensive than these ones. And I think, did you mention the part about California?

GROGAN - No, I'll just cover the whole thing. The price on these two aircraft that are already in existence, one would be available at \$2.2 million, the other at \$2.5 million. The new aircraft coming off production lines will be in excess of \$4 million. So it's sort of an opportunity for the state to buy these now. The second thing is that the State of California is interested in leasing these aircraft and would be in position to lease them from the state during our winter which is their fire season in Southern California. And it's estimated that it would bring in somewhere between \$300,000 and \$400,000 a year for that least of the two aircraft down in California.

MEEKINS - Because the fire seasons are off synch.

MONTGOMERY - Mr. Chairman, if California is interested in us buying them and then leasing them, I wonder why they didn't buy them and then we lease them from them in the off season.

GROGAN - That is not necessarily the case. There is a bill, I understand, in the California Senate to purchase five of them right now.

MEEKINS - If we get these before they do, they'll have to ^{hand}least them back from us. They're going through the same motions in their legislature. We might end up leasing them from them, I guess.

KERTTULA - These are the water-scoopers, and are they the only ones that are being made?

GROGAN - They are the only aircraft that are totally designed to do this. I've got quite a bit of backup from DNR on the proposal and they've been compared with the PBY conversion-type aircraft that also can do this, and other means of doing it and it appears to be the most efficient way to do it.

MEEKINS - What they claim is that if you had these ready and waiting for a fire, you could control the fire or put the fire out before it gets so large in a remote area where there are no roads, before it gets so large that you have to spend millions of dollars fire fighting.

GROGAN - They would work with the conventional forces that they have now. They have the man and equipment and rest of the fire crew would go out--it would just be an enhancement. They were demonstrated in the state last year during the Delta fire and they were able to do quite a bit of teasing on it to try to evaluate their effectiveness.

MONTGOMERY - Mr. Chairman, who is the current owner?

MEEKINS - Canada.

GROGAN - Canada Air.

MONTGOMERY - The company itself?

GROGAN - Right, Canada Air.

HOHMAN - These are new aircraft?

GROGAN - Right.

MONTGOMERY - They're not new.

GROGAN - Well they have some hours on them but they're only owned by the original company.

KERTTULA - They're essentially new. They were used by us a few hundred hours--one of them was.

MEEKINS - Where are they located?

GROGAN - I'm not sure where they are.

MONTGOMERY - Deriving the \$2 million figure that was quoted on a full lease basis, what time element, or how many days did they use to arrive at that price? In other words, if you did a straight lease for the commodity--the whole thing at the cost of \$2 million a year (a million per plane), I wonder how many days does that give you?

GROGAN - Well, that would be just for the fire season, and I don't know how many days in the fire season, but that's an important consideration because it isn't actually a million dollars a year, it's actually a million dollars per some 90 days or something like that per airplane. And a lot of that would be a guaranteed figure too. That's an estimate of so many hours.

HOHMAN - Is there a firm that we would contract with for the operation?

GROGAN - There are apparently a number of people who would be interested in doing this, but to my knowledge no one is on line.

HOHMAN - Who is advocating this do you know?

GROGAN - Right, this is a proposal that Representative Meekins had me work on with Ted Smith in an effort to establish a compromise

between outright purchase and not doing it at all and just leasing
(inaudible)

MONTGOMERY - That \$100,000 a year include not only--provide the
pilot and also the maintenance? They would maintain the airplane
also?

GROGAN - Right, that's my understanding.

MEEKINS - That was a key part of it too because the people that are
concerned about the state getting the planes are going back to some
years ago, I guess, when we kept coming in with bills for
maintenance and all that kind of stuff.

GROGAN - Going further with regard to Section 1, \$705,000 is the
downpayment which represents 15% of the total \$4.7. The financing
is available from the Canadian Government. Some type of a loan that
Canada Air can secure for the State of Alaska. At any rate, it is
at 10-1/2% interest and a seven year term.

KERTTULA - What's the interest?

GROGAN - 10-1/2.

MONTGOMERY - Is that Canadian money at this price? You know the
difference is about 18%. AS

GROGAN - I'm assuming . . .

MEEKINS - Senator Hohman

HOHMAN - I just presume it's American dollars. A hundred thousand dollars is supposed to pay for the operational costs? And that is maintenance? What kind of a crew-demand does this aircraft have?

GROGAN - I think two people are required.

HOHMAN - Is this just for the use of this aircraft within the state exclusive of the operational costs outside the state?

GROGAN - It doesn't include anything but what they estimate to spend on the fire season in Alaska. For instance, if California were to contract for them or something like that, then the operating expenses would probably be backed out of their contract. but that's not figured in here at all. This California thing is not a part of that legislation.

HOHMAN - Then we would have two different crews operating the aircraft.

GROGAN - Possibly.

HOHMAN - That's not good.

GROGAN - Well, I think anything like that could be addressed with this language that I have here in Section 2 which set out bidding procedures and that type of thing. It would be pretty flexible.

KERTTULA - Mr. Chairman, I have never been afraid of having the state operate equipment if you have good people and you pay them right and have a good organization, it will work as well as any governmental entity, but this hybrid here now, right at this moment, a \$100,000 I'm very doubtful is going to operate and maintain two aircraft or even run the operation of two aircraft this summer. I think the figure is in error. I think that people who composed it don't know a hell of a lot about this subject, you know, and I'm just the world's oldest student pilot. I've flown around for twenty years, I guess, since 1960, and at least I've flown beside the people who fly the plane in the big aircraft (inaudible) sized aircraft. And I bet my neck that you would want . . . you better get somebody that knows something about aircraft operation and so on to suggest that figure for you among other things.

GROGAN - Mr. Chairman, in response to that, this is like a basic figure. It would not include any large-scale fire like the Delta fire for instance. Funding from that would be anticipated to come out of the Disaster Relief Fund or elsewhere, but it isn't for . . .

KERTTULA - Just to have two pilots sit on the ground, and perhaps a mechanic, for the two ships and that would be a minimum if² everything is perfect. That wouldn't pay them just to sit there.

GROGAN - You could be correct I have no idea.

KERTTULA - See that would be two complete crews. It would doubtful they wouldn't fly some.

MONTGOMERY - That's why I brought up the question of maintenance and whether maintenance would be included in this. And I just, it's awful cheap to me.

KERTTULA - You have flying mechanics and engineering mechanics but usually when you get above the "goose" size, pilots don't do too much of that unless they're Bobby Shultons or something. It's more dough than you're talking about for the maintenance and operation.

MEEKINS - John

JOHN CRANDAHL - I think the \$100,000 would just cover the cost of the contract with whoever is going to eventually be the operator for the time when it's not in use at all, but just, you know, basically the storage fee.

KERTTULA - What you're saying then you pay \$100,000 like with a lawyer to keep him from suing you, you put him under your wing and give him a contingency on a monthly basis just to be around when you need him.

MONTGOMERY - He's available.

MEEKINS - Well, considering the amount we've got to pay, it doesn't matter whether you pay it to the contractor or whether you pay it straight out. I mean you've got to pay it. The same figures are there.

Assuming that the contract is done well, you're not going to lose that much money in the trade.

KERTTULA - Yes, representative, Mr. Chairman, I think that we can do this; that isn't my problem. I just worry about the whole thing when I see this figure for here. I think, well, you know, it's kind of like if that's in error what else is in error sort of thing.

MEEKINS - It's a problem. The problem with this whole fire thing in my view is you don't know whether it's going to cost you 10 million dollars or 10 thousand dollars during that fire season. We don't know whether it's going to be wet or dry or what kind (inaudible) light fires and whether lightening is going to strike, you know. That's the kind of problem you've got. Last year was a real bad year; we spent 4 million. And if we're going to have 5 million dollars in a fire suppression fund, according to the procedure we've got using the rainy day account--just commit 5 million dollars to the rainy day account which can be used both for the rainy day purposes and for the fire suppression fund purposes. So they've got a full 5 million there which is pretty innovative, I think, it gives double use of that money. If they do need it they can dip into it. So, just instantly they can take it for that purpose. So, I think they would have the money if they need it if there was a full-scale problem and they wanted to pay the crews. They could get another 100 thousand or 200 thousand or whatever they needed to keep these

things running. But I wouldn't want to appropriate any more than we had to in this bill because we've got that 5 million sitting there.

GROGAN - Mr. Chairman, I would think that the 100 thousand would initiate the contract. And as you say with the allocated amount in rainy day fund available, it could actually be written into the contract and probably work.

MEEKINS - The first proposal cost us 5 or 6 million dollars. That was the first proposal - capital.

GROGAN - Right.

MEEKINS - Now we the 700 thousand figure in operating which accomplishes the same thing. So in terms of the money it's costing us this year, it's a fairly good trade, I think. That's what we're trying to get to--the lower figure--and, you know, out of the capitol budget and into the operating, and the lower figure. Representative.

MONTGOMERY - Mr. Chairman, the people that provided this, are they experienced people? Have you talked to . . . Alaskans who fly and know aircraft. He mentioned (inaudible) or somebody else who understands. In other words, I'm not questioning you or your report, but how . . . I just don't feel comfortable with what I see in front of me because of the uncertainty. I don't know what I'm buying.

HOHMAN - Mr. Chairman, I agree, I have some apprehensions too, and I think this might be appropriately held for a little bit here.

MEEKINS - For some more information?

HOHMAN - Yea, so we can get to feeling comfortable with it, it's. . .

MEEKINS - Ron?

RON LEHR - Mr. Chairman, just one other thing. I would think that if you're going to go with a mechanism like this, you wouldn't want to put a lapse date of 1980 on there. Because you're talking about this summer's fire season.

MEEKINS - Yea, it would be 80-81. We'll hold this proposal in suspended animation.

DUNCAN - Kind of up in the air?

MEEKINS - (Laughter) It's in a holding pattern. (Laughter)

END OF DISCUSSION

April 27, 1981, (FCC-80 on HB 60, Tape No. 13, Side 1 [069]-[075])

MEEKINS - What did we ever do with this...these air bombers?

HOHMAN - I think we're holding those.

MEEKINS - We didn't come back to it though.

KERTTULA - They're known as "flags". It's a flagstop.

JOHN CRANDAHN - We simply held those...took the testimony and held those to when we're going through the additions.

April 27, 1981, (FCC-80 on HB 60, Tape No. 13, Side 1 [179]-[190])

MEEKINS - Before you move on to another category, I've got one more in Natural Resources. This \$805,000 for the purchase of the Canadair CL-215 fire suppression aircraft and the \$100,000 to operate them.

KARTTULA - Is it \$705,000 plus \$100,000, or \$805,000 plus \$100,000?

MEEKINS - It's \$705,000 plus \$100,000. Two sections.

HOHMAN - Move and ask unanimous consent for the adoption of those sections. (Silence) Hearing no objections, so ordered. They are adopted.

HOHMAN - Call the meeting back to order. Representative Meekins?

MEEKINS - There is an appropriation here for, uh...

HOHMAN - We have a motion before us.

MEEKINS - Oh, we do. Allright.

HOHMAN - Question has been called for. Unanimous consent has been asked. Is there an objection? Do we object? Are we ready for the question? All in favor signify by raising your right hand. All opposed, same sign. So, the motion fails.

MEEKINS - Mr. Chairman?

HOHMAN - Representative Meekins?

MEEKINS - I have a motion to delete a total of \$805,000. The last committee action was to include \$705,000 - this was a tentative approval action - for the purchase of CL-215 airplanes - that would be a down payment - and \$100,000 for contracting out the operation and maintenance. And I would move to delete both the appropriations and all the attendant languages from the record. And, the thinking on that is...there will be, under an agreement that we have made, \$5,000,000 in the "rainy day" account for fire suppression, which will be essentially at the disposal of the department for whatever purposes they would deem appropriate. And I would assume that that they wouldn't use that to purchase, but they could. But I would

assume that they probably would just use it as they needed it. But there is still \$5,000,000 there for them. There is an additional \$5,000,000 that the Governor can tap into the them if they need it. So, I don't think that this fire suppression money is, uh, is that needed. And the appropriation has been very controversial on both sides, and uh, I think its the judgment of the entire House side, and we have had a chance to talk about it, that the best thing to do would be to delete this entire appropriation. It would, uh, it would bring us, uh, if we wished it, there would be \$805,000 there that used to be in Statewide that could be divided between the two in terms of additional....

HOHMAN - Could you reference that in, uh, that appropriation in the budget book?

GROGAN - Mr. Chairman, the operating language in on page 20, and (...inaudible...) is in section 152.

MEEKINS - Mr. Chairman, you'll notice in section 152 that the language reads currently: "The sum of \$805,000 is appropriated from the General Fund to the Department of Natural Resources, Division of Forest, Land and Water Management, to provide fire suppression." Originally, the intent to bring up that language before the committee for approval and, uh, the assumption was made at the time, it was the assumption of the committee that it might be approved. And, therefore, to expedite, uh...at the time we thought 2 (...inaudible...) changes...therefore, to expedite the printing of the bill its been included here. But actually this language on page

20, technically, has not passed the committee. The last motion the committee made - what I've been calling the "hybrid proposal", one put together by Bob Grogan and the Department, which was for purchase of the CL-215's and the contracting out of the operation and maintenance, and that's what I was talking about. This one would be, uh, this one was, uh, the language change appears here but has not been accepted by the committee yet.

HOHMAN - Are there other instances of this nature?

MEEKINS - Uh, I don't follow you.

HOHMAN - Is there language in this that, this document, which is labeled FREE CONFERENCE COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 60?

MEEKINS - Not to my knowledge, Mr. Chairman.

HOHMAN - Mr. Grogan, do you agree with, uh...do you agree that this language listed in section 152 has not been approved by committee action?

GROGAN - Well, Mr. Chairman, its debatable. Its, uh, the, uh, we understood the motion that there would be...technical changes to the language would be permitted. And this is a substantive change, but it did not effect the recipient of the appropriation or the amount. So....

HOHMAN - I think it makes a difference, you know, as to how we

perceive here - whether we are seeking to change this language, or whether we are seeking to adopt new language with regard to this appropriation. Whether we are seeking to adopt the language initially. Is that clear?

MEEKINS - Mr. Chairman?

HOHMAN - Do you understand what I was trying to say.

MEEKINS - Uh, no sir, I don't.

HOHMAN - Its the price and the direction. Are we really void here except for the amount and the recipient of the appropriation? Or have we adopted language at some point - you indicated earlier that it was debatable whether we adopted this very language.

GROGAN - This is the first time the committee has ever seen this language - the entire committee.

HOHMAN - Do you think it reflects committee consensus at an earlier time in discussion, formally?

GROGAN - Again, this language has never been before the committee here, that's in the bill now.

HOHMAN - Well, how can we print a bill with that...I mean, it must have been on the basis of something. This language must spring from something.

MEEKINS - Mr. Chairman, this appropriation was getting to be quite controversial in terms of how to handle it. There was strong opposition on both sides of the question. And, at one point, it occurred to me that I might have a good compromise. But since then that compromise has been blown to pieces just like the other two proposals have blown to pieces, and under that, there was a motion made - since we were thinking at the time that we were going to have to make several hundred language changes to comply with the Attorney General - we made a motion that said that we adopt this budget as it is with technical language changes to be allowed. And, it was right after that that I attempted to work with Mr. Grogan to come up with some sort of compromise, and with Rick Halford and some other people. And I believe this language here originally came from Rick Halford. And, uh....

HOHMAN - Well, I don't have any problem with the language. I think that, uh...to explain where I'm coming from. I don't have any problem with the language. I think what this does is provide the administrators of the program some discretion in how they approach the problems in fire suppression. Uh...and...its clearly stated...I think maybe what I'd like to have is some further discussion on this subject involving the people from the department...from the Administration. Representative Montgomery?

MONTGOMERY - Mr. Chairman, I would be strongly opposed to the State purchasing planes. And, if this language as written, precludes it, that's fine. If it does not preclude it, I would like to see the words changed so that it would preclude it. I don't...I do not

believe that State is in a position to purchase, or to enter into a lease agreement for two planes of this size and for this purpose. And, uh, I feel very strongly on that. I don't mind the money being spent to fight fires - that evidently was the purpose of it. But either in the words or intent, I'd want it in there that it would not be used for the purchase of planes by the State of Alaska. I think it would be a very, very sad error. I have had several calls and conversations since our meeting initially, and I feel that it would be a gross error in judgment for us to enter into that agreement. I don't object to the money being available, but I am opposed to the purchase of the planes.

HOHMAN - How long would it take to get somebody from the department before us, or the Administration?

GROGAN - (...inaudible response...)

HOHMAN - Why don't you talk to Dr. Lehr and see if he couldn't come before the committee and see if, uh Reinwand or somebody else could come. Before you do that I think...Representative Duncan?

DUNCAN - I would suggest a recess, and then come back...

HOHMAN - O.K., why don't you make the call right now and get back to us right away so we can see what the scheduling might be.

GROGAN - I didn't understand who you wanted.

HOHMAN - Call Dr. Lehr and put the responsibility on him to insure the department will bring representation.

GROGAN - O.K.

MEEKINS - Could we stand at ease?

(committee members decided on the most convenient time to reconvene.)

HOHMAN - Call the meeting to order. Dr. Lehr, we are talking about fire suppression, section 152, on page 20 of the Free Conference Committee bill. I think what we would like to do - we didn't intend to call you over at this time. We intended to see if 7:30 was a convenient time for you to return to talk about this subject before the committee.

LEHR - Mr. Chairman, what section was that again?

HOHMAN - Section 152, page 20, Free Conference Committee Substitute, HB 60, Fire Suppression, \$805,000 appropriated to General Fund to Department of Natural Resources, etc., to provide fire suppression. Do I understand 7:30?

MEEKINS - We're still thinking about it.

DUNCAN - Well, yes, unless we (...inaudible...) fifty-five minutes.

HOHMAN - Clarify. Do we have a motion before us?

MEEKINS - I guess the motion is to delete.

MONTGOMERY - Section 152.

HOHMAN - Is that true?

MEEKINS - To delete the language "purchase and lease - the \$705,000 and the \$100,000". That was the motion.

DUNCAN - If we attempt in five, ten minutes to find out what the problem is...(inaudible...).

HOHMAN - I don't know that that's true. I can't guarantee that. We're prepared to vote on the motion.

MEEKINS - O.K., lets go.

HOHMAN - Allright. The question has been called for, and the motion is to delete Section 152 on page 20, of, uh, Free Conference Committee Substitute for HB 60. I'd better read that because I have another document that has the same labeling, but has different language for this section. As I understand your motion, its to delete the two...delete the language which reads...would you like to read it Representative Meekins?

MEEKINS - Yes, why don't I state the motion. The motion is to

delete the language - the only language that has been approved by the committee - which is "\$705,000 for the purchase and \$100,000 for operation and maintenance - things like operation and maintenance".

HOHMAN - "The sum of \$705,000 is appropriated from the General Fund to the Department of Natural Resources, Division of Forest, Land and Water Management, for the purpose of providing an initial payment for the acquisition of two Canadair C1-215 fire suppression aircraft."

MEEKINS - Right, and then the \$100,000 also.

HOHMAN - And the next section, "The sum of \$100,000 is appropriated from the General Fund to the Department of Natural Resources, Division of Forest, Land and Water Management, for payment of fire suppression aircraft operators contract. The department shall utilize bidding procedures as required by Statute for the selection of aircraft operations contractor. The department shall also attempt to defray the expenses of the State's fire suppression aircraft by the pursuit of other prospective leasee of the aircraft." That the, is the...that's a work copy I'm reading from...that is the language which you claim to have been adopted by the committee...

MEEKINS - Right.

HOHMAN - ...and the language that's in this...the cleaner form...the

more recent form has not been. And there questions? Senator Kerttula?

KERTTULA - I just checked with Dr. Lehr, and that doesn't necessarily motivate me in final decision making, but I understand the Administration would like to keep that language the way it is, so he said. I'm wondering if we hadn't ought to talk to some others, and (...inaudible...), or attempt to express ourselves to them back and forth before we make a final decision. I'd like to do that now, under the circumstances.

HOHMAN - So, it appears then, that we can't...I don't think we're prepared on this side to support that motion.

MEEKINS - Lets come back then.

HOHMAN - Allright. What time?

MEEKINS - 7:30?

HOHMAN - 7:30. And you'll have your troops ready? (to Dr. Lehr)

LEHR: Mr. Chairman, I guess I'm kind of confused as to what...

HOHMAN - We'll tell you about that later. We'll stand in recess until 7:30. (TAPE FOOTAGE 503[469]).

HOHMAN - Call the meeting to order. (TAPE FOOTAGE 549[513]). Lehr,

in a discussion on the subject of fire suppression, we have before us adopted language that, uh, is in the mark-up form of the bill - two separate sections - one for \$705,000 appropriating to the Department of Natural Resources for the purpose of providing for the initial payment for the acquisition of two Canadair CL-215 fire suppression aircraft. The next section, sum of \$100,000 appropriated from the General Fund, same department, for payment of fire suppression aircraft operators contract, and so forth. We would like to hear from you, an expression of the Administrations request in this area.

LEHR - O.K., Mr. Chairman, what the delay was...I've been trying to get ahold of Jerry, and I finally got ahold of him...

HOHMAN - Jerry who?

LEHR - Reinwand. And, he said that if this is causing some problems to the committee on HB 60, the Administration would be willing to move this...take this out of HB 60 and then put it in the general appropriation bill so that it doesn't delay the deliberations.

HOHMAN - Well, the request was that we get a representation from the Administration as to what their viewpoint was in this problem area, and not for the Administration to be concerned about delays or the function of the committee. You've over-stepped your bounds I think, in that regard. Now, do we have to repeat the request again?

LEHR - No, Mr. Chairman, I told Jerry that you had some questions about this and he said that I should just simply inform the committee that we were willing to withdraw this from HB 60 and then again request it in the appropriations bill.

HOHMAN - How long will it take the Administration to be prepared to talk about this problem?

LEHR - Mr. Chairman, I can try to get ahold of Jerry again and get his response.

HOHMAN - We stand in recess. (gavel) (TAPE FOOTAGE 579[543]).

May 8, 1980 (FCC-80 on HB 60, Tape No. 19, Side 2 587-[548] - end.

HOHMAN - Mr. Grogan, our Fiscal Analyst for Legislative Finance, is responsible for this area of the budget, and I would like to ask that he explain the aircraft, its attributes and detriments or whatever and what the Administration's position is from your experience.

GROGAN - Mr. Chairman, I would like to pass out the thing that first appeared in the Governor's Supplemental Budget Request. (passed out papers) At the time the budget first...or actually, this came in SB 345, I believe, as the Governor's request for a supplemental capital budget. This is all the information that was provided. And, later we had Wally Miller the consultant with Legislative Finance, looking

into our clipboard. And when we got into this particular question, we were sent down copies of the -- labeled "CL - 215 EVALUATION". To my knowledge, this is all that exists as far as the back-up for this particular request. As you can see on this thing that I handed out, the initial Governor's request was to purchase the two aircraft outright, for a total of \$5,067,000. I don't believe they have ever changed their position on that. To my knowledge, the Governor hasn't submitted a budget amendment or really changed his position on it.

HOHMAN - Mr. Grogan, are you familiar with this document on the evaluation of the CL - 215?

GROGAN - Yes, I have read it.

HOHMAN - So this sheet...You didn't represent this as the only back-up that they had?

GROGAN - No, I said, this and this...is the only back-up, to my knowledge, that exists.

HOHMAN - O.K.

GROGAN - Basically, the green book here substantiates their request to buy the two aircraft. The CL-215 was evaluated or tested in Alaska last year during the Delta fire and some of the smaller fires. Basically this document is a series of memos from people in the fire department who actually were involved in fire suppression.

activities, and it generally supports the idea of purchasing these aircraft. It also supports the idea that the CL-215 is superior to other types of aircraft that were used in fire suppression activities.

HOHMAN - The CL-215...why was that on the fire? What kind of relationship does the State Fire Suppression crews have to the CL-215? They didn't own the aircraft, apparently. Was it under contract?

GROGAN - I don't know what the arrangement was. It was on some sort of a demonstration. I don't know whether the state actually put up funding for that or not.

HOHMAN - It appears, from your standpoint, or from the testimony you received from the administration, that this is superior equipment?

GROGAN - I don't have any reason to have any knowledge on it because I didn't look into any of the activities that went on last summer. But what I'm getting at is that this document is all about the support of the purchase of the aircraft and its superiority to other types of aircraft.

HOHMAN - Do we have this aircraft available to us from any other source...and...from purchasing it?

GROGAN - That was discussed by several legislators as I recall, and the thing I heard - and I didn't see any documentation on this - but I heard that one or more charter companies in Anchorage were willing

to purchase the aircraft and lease them to the State, but that the lease would be about \$1,000,000 for the fire fighting season. So that would mean that you would actually under a lease buy this airplane every two and one-half years for two and one-half fire seasons.

HOHMAN - Does the State have an option to purchase the aircraft? The CL-215's?

GROGAN - It was my understanding that they did, but the option was due to expire in April. And I don't know whether an extension has been granted or what the situation is on that. But I've been told by DNR that they did have an option.

HOHMAN - I've heard that the option has not expired either. Maybe the initial option did, but they do have an extension on the option. And its difficult, really, without the help of the Administration, to determine whether thats factual or not. Are you familiar with the terms of the option? The purchase price?

GROGAN - The purchase price is...they are not exactly the same price as I understand it. But the two aircraft total would be the \$5,000,000 figure. I understand that new aircraft in production will be priced at around \$4,000,000 apiece, but as these are in existence and have some hours on them, they would be offered at roughly \$2,500,000 apiece.

HOHMAN - 4.7? Do you recall that as the figure for the purchase of both aircraft?

GROGAN - I worked that up when the language, as it originally drafted, was put together. And I can't remember exactly the numbers. I've got some notes on it.

HOHMAN - The people in private enterprise...do they enjoy the same advantage that the State does with regard to purchase of aircraft? If \$4.7 (or rounded out \$5,000,000) is the purchase price for these two aircraft under the State option, do you know whether or not the private enterprise can purchase the aircraft at that price, or whether they're going to have to pay the \$5,000,000 per aircraft, perhaps \$10,000,000 - twice as much?

GROGAN - No, Sir, I don't. Nor do I know whether they would be able to...as I understand it, the company was offering the aircraft under a loan that was sponsored by the Canadian government and I don't know whether a private contractor would be able to secure a loan like that either.

HOHMAN - Do you know the terms of the loan? The interest rate?

GROGAN - The terms are 15% down and 10.5% interest and a seven year pay-out. And that is what that original language is calculated on. And that is what that original language is calculated on. The \$705,000 being 15% of the total.

HOHMAN - I don't suppose you are in a position to say whether a person in private enterprise could get 10.5% money or whether they would have to pay what is current now - 15% or higher - for aircraft financing? Whatever it is - what is the going rate?

MEEKINS - Higher than that isn't it? Well, the prime...it was 17%, but the aircraft isn't going to get prime.

KERTTULA - No, two points, three points, maybe five points.

MEEKINS - Yes.

HOHMAN - Again, its difficult to know, without people from the Administration being present, people that have dealt in this subject area...that is my suspicion, and I think if they were present they might confirm it...that if we let the private enterprise function in this area, purchase the aircraft, they may be spending twice as much for the acquisition of the aircraft because of the Canadian government's attitude, or evaluation of Alaska, the State of Alaska as...the financing person, good attitude, and the lower interest rates, we may see private enterprise paying about twice as much in interest costs. All of these costs of course, are going to be passed back to the State, in the contract we have with the person in private enterprise. I tend to support the purchase of these aircraft for those reasons. I really regret that the Administration is not here to confirm that. If they're not valid, I wouldn't support State purchase of the aircraft. I think that most of these things are done better in...by the private sector. But I think the