ALASKA DEPARTMENT OF ENVIRONMENTAL CONSERVATION
DIVISION OF WATER

CRUISE SHIP FORUM

OCTOBER 24, 2007
6:00 P.M. - 8:00 P.M.

JUNEAU LEGISLATIVE INFORMATION OFFICE
STATE CAPITOL, TERRY MILLER BUILDING, SUITE 111
JUNEAU, ALASKA

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THURSDAY, OCTOBER 24, 2007
6:00 P.M.

MS. KENT: Thanks to all of you for coming tonight. This is the second public forum for DEC's cruise ship monitoring program. Some of you came to our last one that we had over at Centennial Hall. About halfway through the meeting, we were interrupted by the gospel rock band next door, and tonight we have the basketball players in the gym upstairs. So that's what the banging is. And I don't know which is worse, asking God to stop His meeting or a bunch of very tall guys playing ball, but I chose not to engage with them upstairs.

My name is Lynn Kent. I'm the Director for the Division of Water at the Department of Environmental Conservation. Our commissioner and deputy commissioner apologized for not being able to be here tonight. Neither of them are in Juneau today. They are in different parts of the state at other meetings, so we're sorry that they can't be here with us.

Who we do have, though, is Sharmon Stambaugh -- Sharmon runs our wastewater discharge
permitting program -- and Albert Faure, who is our lead engineer for our cruise ship program. They'll be doing the bulk of the presentations this evening.

I wanted to start out with just a little bit of background. For several years, DEC has been running the cruise ship oversight program. We've been doing it under an existing law or preexisting law. That regulatory program that we have been running includes an annual vessel registration requirement, waste management plans for the vessels. It includes wastewater discharge monitoring and reporting. There hasn't been a requirement in the past for a wastewater discharge permit, but we have regulations that kind of look and act like a permit in terms of their requirements for wastewater discharge monitoring and reporting of results to DEC.

We also do air emissions opacity monitoring, and we have been running an inspection program that includes compliance and enforcement work.

So in the fall of last year, 2006, there was a voter initiative that requires additional cruise ship oversight. That new program
has a multitude of requirements in it. We are kind of a small piece of a much bigger piece of law or rule-making that was initiated by the voters, but the portion that applies to DEC requires us to track vessel locations realtime, so where they are in the water. It includes a requirement now for wastewater discharge permits. There is a new fee collection requirement, and then most significantly, it establishes a new Ocean Ranger program. And that program requires us to put a Coast-Guard-licensed marine engineer on board all of the large cruise ship vessels entering Alaskan waters. And their duties are to -- and this comes right from the citizens' initiative -- are to monitor compliance with state and federal requirements for marine discharge and pollution; and then also to ensure passengers, crew, and residents at port are protected from improper sanitation, health, and safety practices. So it's a pretty broad scope of things that these Ocean Rangers are supposed to do while they are on board the vessels.

This past spring, kind of at the start of the cruise ship season, we had our first public forum. At that one we had invited speakers
from industry, we had our third-party independent monitoring contractor who spoke, and we also had the U.S. Coast Guard there. At that meeting we covered not only the new requirements of the cruise ship initiative, but also the technical aspects of waste management on board the vessels, and we talked quite a bit about the advanced wastewater treatment systems that are on board the vessels now.

We covered federal rules. We talked about previous water quality monitoring and the results of that, and then we also talked about, at that time, the coming 2007 cruise ship oversight program. There are -- I remembered -- handouts in the back of the room that kind of summarize that first meeting that we had last spring. So if you get a chance, if you didn't when you came in, there are quite a few handouts on the table back there. And again, two of them are summarizing the last meeting that we had.

We don't plan to go back over that ground again tonight. That's why I wanted to skim over it quickly and tell you where we have been. Rather, tonight what we want to do is provide a program update.
So if you refer to the agenda -- and I don't know if people were able to grab one of those on their way in the door -- what we'd like to do tonight is describe how that 2007 preliminary program went, what we have been referring to as our ramp-up year for the program. We want to cover the vessel tracking system and how that's working for us. We want to talk about the status of the wastewater discharge permitting.

We'd like to report on the 2007 season compliance for the vessels, and then discuss some of the other provisions of the new law, like fees and the need for us to revise our regulations. And then, probably most important to the people in the room, we want to talk about the 2008 plans for the coming cruise ship season.

For just a moment I want to digress from that agenda, though. This Ocean Ranger program is unprecedented. There is no other government that we know that runs a similar program to what has been proposed or what is on the books now for the Ocean Ranger Program. The closest thing we have come across in our research is the NOAA Fisheries Observer program that's on vessels. So we have looked a lot at that program as we have
been developing our open program here.

It's also the first time that DEC has been tasked with placing what is essentially an inspector and observer full-time in a regulated privately owned facility, and that is kind of a new and different thing for DEC as well.

Sharmon will spend some time this evening describing some of the tremendous number of challenges that we had this past year in implementing the program, including identification of what kinds of responsibilities the Ocean Ranger should have when they are on board the vessels. We have been looking at the gap between the training that a Coast-Guard-licensed marine engineer has and the training somebody needs to be able to implement the duties of the new initiative language in terms of the environmental requirements and the sanitation requirements.

We have run up against liability issues. We have had some real treats with working on logistics of getting Ocean Rangers to and from ports, and booking passages on vessels. And in the post-9/11 era, it has been very interesting for us to be dealing with security issues, both with the Coast Guard and with the cruise ships' own security
systems, as well as with U.S. Customs. So we weren't having any Ocean Rangers going through Canadian waters, but because the vessels do, we were also having to work with Customs folks.

So those are just some of the things that Sharmon will probably touch on a bit in her talk this evening.

With that kind of backdrop of our new and what is a pretty complex program, our goal has been and continues to be -- (noise interruption) -- to get the ball players out from upstairs --

MS. STAMBAUGH: I told them to play half court, but --

MS. KENT: They didn't buy it, huh?

Our goal has been to develop a program that makes sense. We need to have a program that's viewed by the initiative sponsors, that's viewed by the public who voted for the initiative, that's viewed by the industry, and that's viewed by the legislature as a program that has real value and a program that's sustainable. So that's really our goal in working on the program.
It turns out that using 2007 as a ramp-up season, in retrospect, I think, ends up being a very good decision. There were a lot of people who questioned why we didn't have a full-blown program the first year with an Ocean Ranger on every vessel. But I can tell you there was some benefit to looking before we leaped in learning about some of the implementation issues.

I'm afraid if we'd had a full-blown program, some of the implementation problems would probably have been exacerbated, and it could have led us to have people kind of prematurely concluding that it was a program that didn't have value.

So I think -- I hope -- that after you hear how the 2007 season went, that you'll agree that it was a good thing to kind of ramp up and learn as we go, prior to full implementation in 2008. So tonight we'll be describing that.

Getting back to the agenda, I wanted to mention that we have a court reporter here. This is not a hearing. It's not a meeting that requires formal public comment or anything like that, but we have been keeping track of the meetings and comments that we hear at the meetings.
We'd like for this to be relatively informal. We'll entertain -- as time allows, we'll entertain questions at the end of each topic. And then we also have a section on the agenda for Q and A towards the end of the meeting.

We do welcome your comments and your feedback, especially suggestions that you have for the coming 2008 season. When you hear about that, you may have some ideas for us, and we are most interested in public comment on that.

And then last on the agenda, we have an opportunity to just provide a brief update on what EPA is planning with cruise ships as well as their vessel programs. So, let's see. I think that's it for the agenda.

We always need our safety moment. We haven't planned a break, so if you need to have a break, please feel free to come and go as you need to. The restrooms -- ladies is out the door to the left; men is out the door to the right. And if for any reason we need to leave the building during the meeting, the nearest exit is out the door and directly to your left.

So introductions, safety meeting, what else? Are we ready to go?
RESULTS OF THE 2007 SEASON

OCEAN RANGER PRELIMINARY PROGRAM

MS. STAMBAUGH: Thank you, Lynn.

I'm Sharmon Stambaugh, and I recognize a lot of you from our previous forum. There is a much bigger crowd here tonight, which I do appreciate. And in the interests of not killing too many trees, we did kind of keep the number of handouts to a minimum. So if for some reason I make reference to a handout that you didn't get, please let me know after the meeting. And we'll try to post most of these on our website, which has been a good tool to communicate with people and make sure that you get anything that we have developed as a handout.

But first of all, I again want to thank all of you for coming here. The agenda -- the first thing I wanted to go through was kind of the results of the 2007 season, working up to the actual deployment of the observers and Ocean Rangers, and then moving on to the outlook for 2008.

So the first important thing that we worked with was the ballot measure specified
that U.S. Coast Guard licensed engineers have that credential to be an Ocean Ranger. And in consultation with the U.S. Coast Guard, we determined that the third assistant engineer was the right level of credential, kind of in the spirit of the ballot measure.

And so we realize these folks may have very specific engineering training, but what kind of environmental background do they need to discharge their duties as Ocean Rangers? So we worked on a training matrix internally and came up with what we thought they would need to know to do a stem-to-stern inspection of a vessel. And then also, these folks, which we assumed were always going to be contractors, would be representatives of DEC, so code of conduct and ethics.

So we thought about all of this, and then we worked with our contractor to refine that. And what we came up with was a training that involved in-house sort of book learning, and then also some of the cruise lines were very cooperative in letting us get folks on board to do training sessions on board on some of the vessels here. I think it was in Juneau.

MR. FAURE: Juneau, yes.
MS. STAMBAUGH: So we do appreciate the cooperation there and the fact they got some exposure to different types of vessels that they would be boarding.

The next order of business was to develop a checklist that could be used as an inspection checklist. We worked again with the contractor to come up with all of the areas that the ballot measure covered, which was wastewater discharge, health and sanitation. And we tried to develop, you know, tasks for an Ocean Ranger to do on board a vessel and how to work through that.

We also realized that we would be refining those through the season. So the first group that went out were kind of guinea pigs, and they had any number of hours, anywhere from 6 to 12 or 18, as some of them really slammed for 18 hours and learned all about the vessel.

Then we worked, towards the end of the season, to actually hire the licensed engineers. The first batch of folks who went out were trained environmental staff. They had maritime experience. They'd been environmental specialists from all sorts of training. We had a guy from the Navy background. So those folks
worked with our contractor and us to kind of refine the checklists.

And so the culmination of the season was really getting three licensed engineers on board and having them work with the checklists and seeing their impressions of what we needed to do to move forward for next year.

One of my handouts here is a summary of the 2007 season. And really we did it in three phases. The first phase, we had eight of these environmental professionals on board training and using the materials that we and the contractor developed. And each one of these observers went on at least one leg. Some of them had different skills and only went out a few times; some of them went out many times. So we kind of mixed and matched and used the skills of the eight observers to try to develop and further refine the checklists. So they were tested and improved during that first phase.

And the end result was a notebook that was specific to each vessel, and it had their treatment systems, the layout of their piping systems, a lot of the internal workings of the vessel, who was the environmental officer. And we
do have an example of some of these checklists on the back table, if you want to take a look at them. Some of them are filled in, and some of them are just examples of what the observers would fill in. So if you want to take a look during a break or at the end of the meeting, you can actually see, or even pass them around to folks to look at. So that was the goal, was to get this notebook developed.

The next phase, we added additional legs. We continued to refine the checklists. We also developed an abbreviated checklist. Obviously they didn't need to go stem to stern every time they went on board. So what we did was work with the contractor to come up with what were sort of the essentials you would do every day and how you would spread the work out, if you were on a longer voyage, to make it a reasonable workload and not put a lot of pressure on the environmental staff and crew on board to constantly ask to be going certain places. You know, somehow get a sense of what the work flow would be for an observer on a typical voyage. So that was sort of phase 2.

And then phase 3 was when we did bring on these engineers. We always had some of
the other observers working with them. They
trained together. They did an onboard training
thing again. And so during the time we had the
licensed engineers, we also continued to have some
of the other observers ride at least one vessel
during the same time the three -- and these three
observers were hired through the MEBA union hall
here in Juneau.

2007 SEASON OBSERVER PROGRAM

MS. STAMBAUGH: Some of the
statistics -- the observers and the engineers made
114 overnight rides between May 9th and
September 28th. That included multiple day
voyages. Eight voyages were scheduled but had to
be canceled because of weather, lack of berths, and
schedule changes. And Lynn mentioned that we did
come up with some logistic issues. Some of them
involved the Customs and border patrol. Some of
them were just weathered out. This is Southeast,
so some people just didn't make their planes and
didn't get on board the ships.

So we expected some of that, and
we got to see firsthand how you have to shuffle the
logistics if those sorts of unavoidable things happen.

All 27 cruise ships that were regularly operating in Alaska waters during the season were boarded at least once. We had a total of 30 vessels, but three of those only came for one visit. So the 27 recurring visiting vessels were all boarded at least once.

Sort of the results -- we had two minor incidents involving -- an observer saw in one case an oil leak, and in one case a hull maintenance issue. But those were the only two things that were reported on their checklists that we followed up on. None of the onboard observations led to any compliance or enforcement actions by DEC this season.

And after the season, the contractor and DEC all sat down and had a debriefing of what worked and what didn't work, recommendations, problems, suggestions. And I summarized a few of these, and this is going to all be summarized in a report that the contractor will provide us at the end, that summarizes the season.

But sort of the highlights -- one of the suggestions is that long voyages might not
fully utilize the Ocean Rangers. We do realize there is going to be some dead time, and we are trying to figure out what is an optimum schedule and how you would fully use the Ocean Rangers during the time they are on board, if they are continuous-riding, start to finish, on a voyage.

We realize there is overlap of some of the duties conducted by the U.S. Public Health Service under the CDC, Centers for Disease Control, and we're working with our own environmental health staff and the U.S. Public Health Service to refine the checklists to come up with duties that don't overlap with the Public Health Service. They have inspections as well. But sort of focus on those things that are under DEC's purview in human health and sanitation.

We also are considering that those vessels that only come once to Alaska during a season -- there are some adventure-type cruises that come to Nome -- and we are thinking maybe DEC might be able to do those inspections so that we don't have to hire an Ocean Ranger for one visitation.

Then obviously access and port security were issues. They need streamlining. And
how to, you know, work the demand on the shipboard environmental officers' and crews' time when we have Ocean Rangers on board.

We did realize we were going to have to secure berths, cabins for the Ocean Rangers well in advance of the 2008 season. The cruise industry is really hopping in Alaska, in Southeast, and if we want berths for the Ocean Rangers, we knew we might have to book those as early as this fall, and we are working on that as we speak.

We needed to work out what kind of rotation schedule the Ocean Rangers would be on. Would they be on a certain class of vessels, or would they rotate to different lines? We've discussed different options for that.

Streamlining communications and logistics -- we have been talking about what kind of tools the Ocean Rangers would have, be it smartphones, or laptops, or how they are going to communicate on a daily basis to us. And because we are estimating if we had 27 or 30 Ocean Rangers deployed in 2008 each doing a daily report, that would be up to 4,500 reports that would come to DEC. So we are trying to figure out the best way to get the information and assess it in a timely
way so that it's meaningful environmental data for us.

I think that's all I wanted to cover, but I really would be open to questions. This was, I think, the meat of why people are here. They wanted to hear how this season went. Albert went out and was more actively working with these guys, so he can certainly -- we even have a contractor here who can maybe give his take on things.

MR. FAURE: Besides what we did with the Ocean Rangers and the observers, we keep on going with our original backbone of the program -- the old style, I should say. That is, just the sampling regimes were still intact. We did still our surprise visits from DEC to big random ships in random models and said, "Hey, we are going to look at these ships," new ships, old ships. We did still our opacity readings. We did still our solid waste oversight, our manifest checks. And that was still continued in this season and will be continued to next season as well.

MS. STAMBAUGH: So are there any specific questions about what we did this season
with our Ocean Rangers and our observers? I welcome any questions, or you can hold them to the end when we're done.

MR. BAKER: I have one. I'm Miles Baker. I'm with Senator Stedman's office.

You implied that this was kind of a ramp-up season. So other than these -- some of the changes you have mentioned are things that you are looking at differently. How is the '08 season going to be significantly different?

MS. STAMBAUGH: There are two other provisions of the ballot measure that we are going to talk about, which are the vessel tracking system and the general permit for vessels. We'll talk about that.

As far as ramping up for 2008, obviously the big thing is we are going to deploy more licensed engineers. But I think working the way we did, starting with environmental professionals and then bringing on the engineers, we could see what skills each of those people had and what the training for next year is going to have to be.

I think a big consideration for next year is taking this year's information and
figuring do we need to beef up the training. We had two days of training. I think we are looking more at five days of training next year, including another vessel boarding exercise so they get some on-the-ground with our vessels.

Chip?

MR. THOMA: Sharmon, Chip Thoma. I had a question for you about the observer program and the rangers that were on board this year. Were any payments made to the cruise companies for berths on board the ships this year?

MS. STAMBAUGH: No. This year was sort of catch as catch can with berths. We didn't prearrange berths. That was all done sort of on the fly, I think. And a lot of times, berths were available, and they were given sort of complimentary to -- even if it was a short voyage and not an overnight, if there was something available, as a courtesy they were given a berth.

MR. THOMA: What were the approximate parameters of what the contractor -- I believe it was Oasis. What kind of a contract size did they have for this observer program this summer?

MS. STAMBAUGH: Well, we had some
estimates that were in the original Cape
International report that we kind of worked off of.
We have worked on our own internal budgets, and
also we have a contract that had gone out for bid.
We have always been working, in terms of the cost
of berths, about $2,000 for a voyage. But that can
vary.

MR. THOMA: What was the size of
the Oasis contract?

MS. STAMBAUGH: The size of the
contract?

MR. THOMA: Yes. What was that
size?

MS. STAMBAUGH: You mean the
amount of money for the Oasis contract?

MR. THOMA: The amount. I'm
sorry, the amount.

MS. STAMBAUGH: I don't know, off
the top of my head, if I can say.

MR. THOMA: How about a round
number?

MS. STAMBAUGH: Their contract
goes through the end of this fiscal year. They are
a term contractor, which wasn't a bidded thing. We
have added additional tasks to that contract.
MR. THOMA: How about a round number?

MS. STAMBAUGH: I would say $200,000.

MR. THOMA: Okay. So we have spent $200,000 of what we were given from the legislature? I think it was 1.25 --

MS. STAMBAUGH: No. Actually, at this point, I was using -- mostly funding this season was coming from existing funds that I had available from --

MR. THOMA: Okay.

MS. STAMBAUGH: In the existing program, a registration fee was paid. And I had a certain amount of money in my budget that was available from our regular registration process.

On top of that, we did get the $4 berth fee; and I plan to talk about that a little bit, but I'll go into that later. So largely, this season, and this past fiscal year and into the new fiscal year, I was working off of funds that we already had attached to the program.

MR. THOMA: Well, if you were able to get that entire observer program done for $200,000, congratulations. That's fantastic.
MS. STAMBAUGH: Well, yeah. I think we did really well, considering.

MR. THOMA: I think you did, too, yeah.

MS. KENT: All the bills aren't in.

MS. STAMBAUGH: The final numbers are not in. Don't quote me on this, but I think that we learned a lot, and I think because we had the eight observers out originally and then, towards the last part of the season, did get -- and I'll be honest. The licensed engineers are going to be way more expensive because of their contract. They have an hourly fee. They have per diem. They have benefits. They have shore time.

So I think that you are going to see the costs increase if we deploy all of the third assistant engineers.

MR. THOMA: Okay. Thank you.

MS. STAMBAUGH: Any other questions?

REPRESENTATIVE SEATON: I'm Representative Paul Seaton, District 35.

Do you anticipate an adequate number of marine engineer 3s being available for
the '08 season?

MS. STAMBAUGH: When we were looking at the contract for 2008, as a buffer in the contract, we considered -- I mean, the original ballot measure only specified U.S. Coast Guard licensed engineers. And we did some research and talked to the Coast Guard. They said these third assistant engineers are the guys to go to, and gals. We had a woman Ocean Ranger.

And they have 36 months of current sea time. They have a lot of training. There are different classes of licensed engineers in the Coast Guard, different levels and credentials. And we determined that the minimum accepted level was a designated duty engineer.

If for some reason we can't get 27 to 30 Ocean Rangers with that third assistant engineer credential -- and there are not too many of them around -- then we may have to dig deeper into the available folks and go with somebody who has 12 months of sea time.

The other trick to this is, when you are on duty as an Ocean Ranger, the Coast Guard is not considering this sea time that qualifies for keeping your license. So I would think that
somedbody new to the field that wants to keep their licensing up -- this might be a deterrent to them wanting to be an Ocean Ranger.

REPRESENTATIVE SEATON: And a follow-up on that. Could you just give us a feeling for your assessment of the applicability of that standard versus the environmental people that you had? I mean, did the environmental people that you had -- did they seem to be adequate for the job, or do you think that the designation that was required in the law, is that -- is that experience level necessary, a necessity for the Ocean Rangers?

MS. STAMBAUGH: I think each of those brought, at least in this ramp-up season, skills that we really used well this season. We had the sort of seasoned engineers. They already were working with materials developed by these environmental professionals.

I think with adequate training and, you know, good checklists and good feedback from DEC during next season, the engineers would be very capable; in fact, you know, ideal to do the job. Whether it's overkill, I'm not sure. I think there are skills that they'll never use, that they have as engineers, as an Ocean Ranger. They'll
never have to know how to take apart the drive
train of a piece of equipment. They just will
never have to do that.

So, Albert, do you --

MR. FAURE: This uses both worlds.

With a marine engineer, you have a guy that keeps
things running and knows where the fluids go, from
A to B, and pipe systems. So there is a great
advantage to get these cross-people on board. They
know ships. They know at least systems. They can
analyze systems. They can capture processes. If
it's a wastewater process or a steam process, they
have an idea from the blocks and how it works
together.

We think that, on the other side
of the house, an environmental engineer knows a lot
of things about the water, the water matrix, the
BOD and these kinds of things, and regulations.

Now, what we put in the
preliminary matrix for the training for the winter,
what we are going to do, or try to do, is to bring
both sides of the house together and say this -- if
the guy that's going to do it is the marine
engineer, as required by law, then we are going
really to focus on both sides, from the marine
engineering side and the environmental engineering side.

On the other hand, we should recognize, too, that marine engineers -- I'm one -- like myself, the installations, what we find on these cruise ships, are pretty much unique. You don't find them on the APL ships or the Madsen ships, the typical cruise ships, this order of magnitude.

So we give them that extra training for the specific installations for each ship, because there are a few installation types around, to optimize their training so they can evaluate everything in a good way and do the best that they can.

MS. STAMBAUGH: And if I can just expand on that, the one duty that I don't think either of those groups necessarily has is the sanitation part. That is something that, at DEC, our environmental sanitations -- they have a lot of training. They know human health impacts of a lot of activities and kitchens and spas and pools. I mean, they are the ones who look after sort of the human health impacts of some of these activities.

And so we realize that's a piece
that we're going to have to beef up, and we are working, as I said, with our own environmental health sanitarians and the U.S. Public Health Service to try to figure out what is the best complement to what the CBC already does.

MR. TURVEY: I have a question here. John Turvey. You talked about, with the longer voyages, that maybe the Ocean Rangers weren't fully utilized. How long is long? Three days? Seven days?

MS. STAMBAUGH: I think the longest was three to four days this -- I don't think we had anybody boarding outside of Ketchikan, so it would be maximum four days inside our Inside Passage waters. So four days.

MR. TURVEY: So by the fourth day, you were getting feedback that maybe they weren't fully utilized at that time?

MS. STAMBAUGH: I believe that is what we heard at the debriefing, that it might be hard to keep the effort going for all the days.

MR. TURVEY: Did they have a sense of what the optimal time would be?

MS. STAMBAUGH: I think we are still working that out and looking at some of
the -- we haven't -- I mean, we got so many of these daily reports, I think we are going to have to, ourselves, really kind of work and analyze what we think is the right mix.

MR. FAURE: Can I expand a little bit on that? What we saw in the reports, doing the review, is -- we gave them a checklist. That was a start, at least. That was at least how you get things started for the first time for DEC, for the cruise ship industry, seeing how is it going together.

There was, of course, when these guys came on board, the observers and the rangers -- there was really, "Okay. We need to fill up this checklist." So they did the checklist over and over and over, which is a good thing. And over time, they augmented that checklist with, "Hey, guys, you should look at this too. Can I look at this too?"

And that way, it was at that time -- the four, three days was not a thing that was cast in stone. I mean, we see if they do one step at a time and follow also more the operations on board, like they go to discharge and take the time for that, and do other facets during these
trips, then I think they might be -- pretty much have a day task for their time there in Alaskan waters.

But as you know, John, over time, you do it once, you see it once, it's really keep on focus. But I think there is a lot of facets, especially in the beginning of the season. When we started, these guys really enjoyed it. They said, "Hey, this is great." But later on, we saw that they could go further, and that was really valuable information that we got back.

MS. STAMBAUGH: Well, I think --

MS. KENT: There is one more question.

MS. STAMBAUGH: Oh, one more question.

REPRESENTATIVE GATTO: I'm Representative Carl Gatto, Palmer.

I notice that we have paper, pencils, check sheets. Do you have any intention to make it digital --

MS. STAMBAUGH: Yes.

REPRESENTATIVE GATTO: -- so that when you enter data, you can walk around with your special little thing and punch in numbers?
MS. STAMBAUGH: Yes.

REPRESENTATIVE GATTO: And that would kind of clear the deck for you to read 40,000 reports.

MS. STAMBAUGH: Well, that's one of the things in the contract that we have out to bid, and we are reviewing the proposals that came in on the contract for 2008. We asked people to propose the best way for communication back.

I mean, this information is valuable to DEC in as realtime as we can possibly get it, so we are talking about handheld devices and laptops. We are just trying to figure out what is the best system for getting information back to us.

But a clipboard and a paper -- I mean, there are even safety reasons for not wanting to carry that stuff. If you've got to climb up a ladder, you don't want to be carrying a lot of gear with you. And so I think that we are probably going to move for some sort of smart technology like that.

REPRESENTATIVE GATTO: And then just to follow up, what does the normal work day look like? Do you actually work an eight-hour
day -- four hours, lunch, four hours -- or do you work 24 and figure that, somehow or other, you got your eight hours in?

MS. STAMBAUGH: When we first were looking at implementing the ballot measure, we were thinking, is this 24/7? Is this 12-on/12-off? We didn't know. The ballot measure didn't really specify that. So I think most of what we had the contractors bid out was a 12-hour day.

But it may be that you would do some of that part of the day, and then come back and do -- I mean, these guys are kind of captive on this vessel. It's not like they are going to go home. I mean, they are on the vessel. They could plan their work day to optimize different cycles of activities on the vessel.

REPRESENTATIVE GATTO: Well, it's not exactly a tanker. It is a cruise ship.

MR. FAURE: Let's expand a little bit on that, on the question. We do have all these documents electronically, and we deal already with existing documents like the VSSP, the Vessel Specific Sampling Plan, and all these things electronically. The industry, the cruise ships apply for these electronically. So I make for this
evening a printout for you, the audience, in paper. So that is the thing.

We are working already on a kind of matrix model for the reports, how we get them. We screen them so we can, very fast, electronically screen. If there is something wrong, that is identified in the kind of formatting and convention.

To come back on the ships, what we saw, and I personally saw, is a ship, a cruise ship is not 8:00 to 5:00; a tanker either. I mean, to be really efficient, the Ocean Rangers make their hours around when things operational are going to happen. For example, a discharge, or, for example, an alarm that involves environmental installation, equipment.

So what we think is -- that we saw these observers do, they sometimes went on board, go to sleep after their introduction, and the environmental wake him up. "We are going to do something. Tag along." And then we saw days that the guy is working three hours, an hour break, then three hours, then two hours.

So what I'm saying is, we really try, in that slot, to optimize them to get that
environmental compliance information.

MS. STAMBAUGH: If I could expand on the electronic forms, the existing cruise ship program has been in the forefront of DEC of doing things electronically. The cruise lines do an electronic registration form. They submit a lot of information to us electronically. It's kind of the guinea pig at DEC, where we tried out a lot of our electronic online applications.

MS. KENT: You've got one more.

MR. BRAKEL: My name is Aaron Brakel. I grew up in Juneau here, and I have watched the air quality impacts of the cruise ships seem to really increase over time as there are a lot more, and they are bigger.

I'm wondering a couple of things. Is there any background, you know, studies being done during the off season to identify the air quality that is, you know, here in Southeast, outside of the cruise ship season? I mean, I'm seeing what I believe to be pretty significant effects.

Our relatively small Gastineau Channel airshed really seems to be greatly impacted by these large vessels with the large number of
stacks. And I know that they are monitoring individual stacks, but there is a cumulative overall impact. And I'm wondering if there is any money or any effort being put toward identifying a base line and seeing what these ships are doing.

And another side of that question is, I started to wonder about the, you know, carbon impacts of the cruise ships. Are the Ocean Rangers capturing any data about types of fuel consumption, cumulative -- you know, the amount of fuel consumed, and, you know, what type of fuel? I just am very curious about that.

And also like maybe -- I was looking into the possibility of more of the cruise ships plugging in locally, because we are looking at some different dock design for Juneau. And I guess there are some concerns actually about Juneau hydrocarbon capacity. And I'm just wondering about conservation aboard the vessels, if there is a way to just reduce those air quality impacts and get them down.

MS. STAMBAUGH: All right. On the agenda, I did want to talk a little bit about air emissions and compliance, but I'll move ahead and address as many of these as I can.
Yes, we are aware that our opacity reads are focused on a single stack. And when you have self vessels in port, you can get -- because of Juneau's situation, you can get a haze. There are no standards for haze. We have conducted ambient air quality in the past years as part of our cruise ship program.

The luxury that we had, because of the registration fee, was we had a pot of money that we could apply towards, sort of, you know, first principles kind of scientific research about impacts of the cruise industry. And we partnered with the U.S. Forest Service on some studies of vegetation, and we had wanted to continue with some more ambient air quality studies.

We did not conduct any of those this year. Frankly, I did not have the money to put towards a contract to do that.

MR. BRAKEL: Is the registration not ongoing?

MS. STAMBAUGH: The registration -- I had the money, but the study was expensive. So for this year, I decided, well, we'll defer a sort of ambient air quality study.

MS. KENT: Can you speak to the
results of the prior ambient air monitoring study?
He might find the results of that --

    MS. STAMBAUGH: Yes. The prior results --

    MR. FAURE: Yes. We did a few ambient air monitoring on ground level, where we walk and live. And we did that in 2000 for SO2, NOx and PM, if I remember, and for Marine Way we had a station. All the results are on the web. Not to say -- but, I mean, you can have a look there. And the results were well below, at that time, the air quality standards, the ACQS.

    And in 2001 I recall -- that is also in a report on the web -- and we have to talk more about it, because I sent you that report that was is 2001. We did ambient air monitoring of the highlands. We did it in different spots. Maybe you remember that. We did again SO2, PM, these particles, these small things. We didn't find much, and we did -- that was -- I think we did these two as an expansion on the Baranof Hotel.

    But to be honest with you, I read these ships myself on a number of occasions, and if you have a certain wrong angle, you see really bad things. But if you have the certain angle correct,
then you read it -- then you see it okay.

But I do see that we -- DEC may --
and I know Sharmon indicated too -- in the close
future should look a little bit more outside of the
plumes above town, and we should also look at all
the associated impacts from the cruise ships then
and also the burden on the sea and the traffic so
that we can capture them. Then we can just say,
"Okay, guys. This is what we have. What can we
do?"

But there are a few things that we
have to recognize, too, is that we have a very
complex terrain here. We live in a fjord kind of
setting. We have inversion layers, and we have
days that our climate is different than other days.
For example, we had one day that there was a fog
layer and the sun shining through.

So I think I would say, from a
scientific point of view, and just to address these
things, if there is really something going on on a
different level, rather than on the ground level
where we will live, we may be looking at it. But
just what Sharmon says, I don't know if we can do
that next year. It is not for me to decide on
spending for that.
MS. STAMBAUGH: Then just to briefly touch on some of your other issues, the whole air emissions from cruise ships is getting national interest, and there is an effort in the Ninth Circuit to look at the industry as a whole, and advanced technologies, and also carbon footprint. I think that's a national effort at this point.

MR. FAURE: And what we see too -- and I'm absolutely not -- not -- but what I just called findings is our -- the use rate if we (indiscernible) over distillate fuel, some kind of (indiscernible). We have customers that use palm -- biodiesel based on palm oil. There are cruise ships with gas turbines that has to rely on distillate fuel or on distillate biodiesel.

We see the plug-in as very positive, and I personally hope that there is power available for future plug-ins. And also there may be new docks will accommodate that. There are already what I saw a lot of ships now, new built in the Alaska trade, that can plug in, but there is not a plug-in. But it's not to me to say which is first, the chicken or the egg, you know. But I really hope that there will be more plug-ins
available, for their perspective.

MR. BRAKEL: I'll push for it locally.

MR. FAURE: Thank you.

MS. KENT: Okay. We probably need to move on to the next topic.

MS. STAMBAUGH: I want to kind of move on. And if there are other questions, we can definitely cover some of these in the Q and A period.

STATUS OF LARGE PASSENGER VESSEL WASTEWATER DISCHARGE GENERAL PERMIT

MS. STAMBAUGH: So to move on in the agenda, the next item was to give you the status of the general discharge permit. Again, this vessel permit was part of the ballot measure, and we decided that the most efficient way to do that was through a general permit.

We public-noticed a general permit where we did have a public meeting, and some of you came. And this was -- we issued this in May. We took public comment, and we are now at the point where we are looking at the public comment. We had
some very lengthy technical comment on this permit. We are in a deliberative process on this permit right now.

To just kind of give you what we did this year to cover these vessels, we did enter into a compliance order by consent, where we took at least the effluent limits on this permit, and had the vessels agree to use these effluent limits as their goal this season.

So this season we had 30 vessels, and 8 of those vessels chose not to discharge in Alaska waters. So there were 8 vessels who didn't discharge at all this season. They would go out to federal waters to discharge.

MR. FAURE: Outside of 12 miles.

MS. STAMBAUGH: Outside of the 12-mile limit. So anyway, just keep tuned on this.

I had several copies of this on the back table, and the fact sheet that went with it. If I ran out, I'll give somebody this copy, but basically it's on our website. And we hope to have a final permit out as soon as possible.

Are there any questions about that?

Okay. The next item was the
vessel tracking system, and Albert is going to just -- that was another provision of the ballot measure, and I think we got real good results on that one this season.

VESSEL TRACKING SYSTEM

MR. FAURE: Thank you for having me here. Thank you for coming, all. I have to apologize that we had only 12 handouts for this document. So if there are neighbors that want to share, that would be great. I'll walk through that document and try to keep it as short as possible.

The law requires us to do a vessel tracking system based on modern global position technology. DEC assessed numerous systems around the world, what was most suitable for us and has the maximum coverage in Alaska, but it's not easy. And we ended up in a positive way with the Marine Exchange in Alaska to help us monitoring these ships and to provide us all the data and the coastal navigation data.

And I'm walking quick through the sheets from the handout so you can see what we are doing. This is a nationwide vessel tracking system
that was developed by the Marine Exchange in Alaska, here in Juneau. You see here America, Canada -- you see all these dots there that are ships that are part of the tracking system. They are not necessarily cruise ships, but can be any vessel that is equipped with a transponder and is reporting to the Marine Exchange system.

The system is based on a few components. We have an AIS system and a long-range satellite system.

On the next page you'll see that fish processors are monitored on the system, container ships, tugs, oil exploration, and you see also a few cruise ships. You can see on your computer screen live what is going on through a secure Internet connection with the Marine Exchange.

Here the next page is quick -- briefly telling how it actually works. It is a combination here in Alaska of kind of identification system, but it's shore-based, using satellite communication to get optimum coverage in Southeast. And you can understand, with all the fjords and complex terrain issues, it's pretty much a job to get real coverage in Southeast Alaska for
all these ships. And for now, what we monitored is for all the large ships in the program for 2007.

We found out that the coverage in Southeast Alaska, and Alaska as a whole, was excellent.

We have here an example where the course lines, the position history actually from these vessels are plotted. The law required us to monitor once an hour. So we take one times an hour from, for example, the M/V Ryndam. Boom. The text says, as indicated, plot and length of time, ship speed. And it's on a nautical map so we can see where she is. An hour later, you see the next plot.

You can also plot over minutes. Imagine that. You can really see what the ship does. Big Brother is watching you. If you get grounded, they can tell when you hit the rocks. But we don't need that.

So, the next page, you can see the red circles. That is a little bit the sites that are maintained and operated by the Marine Exchange, where all these stations are that monitor these systems through the GPS system. So you see there is really wide coverage in Alaska. That is really neat, especially in Southeast and in the Prince
William Sound area, where the most cruise ships are navigating.

"While a commercial passenger vessel is present in the marine waters of the state, the owner or operator of the vessel shall provide an hourly report of the vessel's location based on Global Positioning System technology."

That's the law, and that's what we did for 2006 for the vessel tracking system. The Marine Exchange system, their tracking system, used track locations, and we do use the satellite and communication stations.

Now, it's in the law also reporting requirements. They say you have to report all your logs, discharge logs, which our customers all do. So they send me every month -- digital on a diskette because it's too big to send through the Internet. They are 10-, 20-megabyte files. They send them to me. I look at them. I open them and do some spot checks, and I check a few against the vessel tracking system.

So here is an example for the Norwegian Cruise Line, the Norwegian Pearl. Beautiful ship. And we get a printout from the vessel tracking system. As you see, it has the
name of the ship, and for date and time, you can see all the locations and positions where she was in Alaska.

Now, we took where the two arrows are. Then you can plot the two arrows, the lot and lengths corresponding with that, on the map. We have that on line, that map, and we have also a coastal navigator, too, and we can see what she did for that period. This map we did just the first Alaska voyage replay so we could see what she did from the first time when she came up here, what the whereabouts of her was.

And then on the page further, you see, for example, what the lot and lengths were on that specific date and time. You can see also what speed she made, and we can also see in between what speed she made. So we pretty much can cover her -- we can track her.

Then we can get a step further. We can plot the lines that we find through the discharge log electronically and compare that on a nautical chart, what we did here. And we saw that she discharged lots greater than the 12-mile zone, so she was fine.

The next example is that if she
discharges in Alaska waters -- which you can do if you are certified, and you do your sampling, and you are approved to do so. And that example is given on the next page, is that we used one position, obtained through the vessel tracking system. I do that online (indiscernible), and I start to plot that. And then you can see what she did over the time that was close by Tongass Narrows, in Ketchikan, and what really happened.

And that is pretty much what this system does. I call it, in a positive way, environmental intelligence. We get complaints from people sometimes, that they say, "We saw the Albert sailing and dumping all kinds of junk overboard."

Now if we have a time or date -- and we have -- and a location, Tongass Narrows, I can see in the system who was there. And most of the time, some people mix things up or have another idea.

It is so very nice, too, what we did with the Ocean Rangers at the end of the season, and with the observers, we give them sometimes -- "Oh, bring me a log, a copy." And they did. They just made random a log on board when they did their rounds, and we compared it. So
there was reciprocity with the people on board and us to see, for environmental compliance, how it works.

And we did have in the beginning not always coverage, 24-hour-seven. I have to be honest with you. In Tracy Arm, we have sometimes outages of a half hour, an hour, two hours, that is caused by situations like clouds and other things we don't know yet. But still the uniqueness of this system is, we have always a beginning and a start point, so we can pretty much back-engineer the whole whereabouts of these ships.

And to keep it in short, the system worked great. The only negative thing I would say -- and I'm looking a little bit to Lynn -- is that I'm looking at a screen like this (indicating a small square).

MS. STAMBAUGH: He needs a bigger screen.

(Laughter)

MR. FAURE: But other than that, I think the system works very well, and I think --

MR. TURVEY: Go for the gold, Albert. Hold out for plasma.

(Laughter)
MR. FAURE: And we are very pleased with the system, and it is a very nice compliance tool.

MS. STAMBAUGH: I want to just add, this was on our wish list to do before the ballot measure, so we are very happy to have this tool at our disposal.

MR. THOMA: I'm familiar with Marine Exchange. I think they are a great company. Is this funding coming out of the Ocean Rangers segment?

MS. STAMBAUGH: It will be coming out of that. It's considered part of the program, yes.

MR. THOMA: And what is your estimate of the yearly cost of the tracking system?

MS. STAMBAUGH: I think we estimated between $75,000 and $80,000 a year.

MR. THOMA: Great. Thanks.

MS. STAMBAUGH: Anything else?

MR. TURVEY: I guess one thing maybe we can talk about, being at the forefront, is that maybe we can look at an FTP site. I know these files are too big for e-mail, but maybe we can look at an FTP site.
MR. FAURE: Thank you, John. We should -- at the moment, as it works out, people call us or send an e-mail. We report it, and a day later or two days later -- the express mail works very well. But you're right. We need to go further in the process. But still, you know, at 12 megabytes, they are heavy babies. I mean, especially the state system has all kind of spam controllers, filters.

MR. TURVEY: We'll do it at the end of the day, when you go home at night.

MR. FAURE: If you promise me, that's fine.

(Laughter)

2007 COMPLIANCE

MS. STAMBAUGH: All right. Well, if there are no other questions on that, I'll move through the agenda here.

The next item was the 2007 season compliance, both from -- our program is kind of unique in that we are in the Division of Water, but we also look at air emissions in our purview. And on top of all of our efforts to respond to the
ballot measure, the other work of the program
didn't stop. We still looked at the monitoring
reports that would come. We sent -- we have a
contractor who goes out and does opacity
observations for us, and we review those. So there
is a lot of work just with ongoing compliance.

This was a very good compliance
year. At this point, we are only looking at two
air incidents that we think need following up, and
we'll work through a compliance and enforcement
track on that. We usually do that in the off
season, so to speak, when we develop a case.

You have to have a lot of
information on the logs that the observer took.
You have to know a lot about the atmospheric
conditions that day. We usually have a backup of
the tape. So it takes a while to move through one
of those compliance cases.

On the wastewater side, again, a
good compliance year of the 22 vessels that were
discharging in Alaska waters. I do want to mention
that because of the press of everything that we
were doing and the fact we were shorthanded, we
haven't posted the results from 2007, and we are
still -- we just finishing QA-ing the results from
2006. Normally we have all those monitoring results on our website. We'll get those posted soon. We just hired somebody, so we are definitely keeping up with the program's history of having that be an open data source on our website.

MR. FAURE: I can a little expand on that. That QA-ing of the data, what you mean -- now, let's say that when the data comes in electronically, when the sample is taken, there is an obligation -- there is 21 days we need to see results. We get the results electronically in an EE2 format and in a format that is with a narrative and what they sampled and how it was.

All these sample results are immediately screened. If we see things that are exceedances but maybe not identified in the narrative, or something is wrong, or something -- maybe it's the wrong ship is named in the wrong data. So we screen that, and we QA that immediately, and we provide feedback to the ship.

And always we find that there is something -- an exceedance, that the ship stopped discharging. So that is not a problem. So we basically say we QA these things fairly fast. For 2006, of course, we have them QA'd already, because
2006 is over. So we QA'd them all. And we said they are fine. However, we need to QA, as we call it internally, in a kind of presentable format all the piles of stacks of 56 pages for you folks on the web. What we did in the old days manually, that makes people really tired. So now we have a drop system so we can import them and massage them and put them in a more readable format.

MS. STAMBAUGH: So we do want to get all of the information from these past two seasons posted and have those available.

Do you have any questions about this year's compliance, or can I move on? Okay.

OTHER BALLOT MEASURE PROVISIONS

FEES COLLECTION

MS. STAMBAUGH: A couple of other ballot measure provisions I wanted to discuss: As you know, fees were part of the ballot measure, and it was based on a $50-per-passenger head tax. $46 of those dollars were collected by our Department of Revenue, and then $4 was to be collected by DEC to help support the Ocean Ranger program and the other parts of the ballot measure.
As I said earlier, we already had an electronic registration system, and the registration fees that were already in place were based on the number of passengers and voyages that each of these vessels were making to Alaska. So we tagged on to that system another collection system to get the $4-per-passenger fee to help support the Ocean Ranger program. So very good compliance with the lines to pay that fee. Any questions?

MR. FAURE: Yes. They all paid.

MS. STAMBAUGH: Yes?

MR. BAKER: Is that four bucks going into -- are you tracking those separately, or are they going into the commercial vessel passenger compliance --

MS. STAMBAUGH: We have a separate collocation code for the fees that are coming in based on that program. Yes.

MR. BAKER: Okay. So what did you collect this year? Do you know?

MS. STAMBAUGH: I don't know. I don't know what the total amount was. It should be --

MR. BAKER: It should be four
times $800,000, basically?

MR. THOMA: About 950, actually.

MR. BAKER: Four times 950? Okay.

MS. STAMBAUGH: And then -- oh, question?

MR. WHITE: Jeff White. The press just came out with a report saying there wasn't enough money to pay for the Ocean Rangers. Does that mean that the program will be smaller, will it take a bigger bite out of the $50, or how will that work?

MS. STAMBAUGH: Well, of the $50, only the $4 came to DEC. The rest of it is going to Revenue. And I don't want to talk about what Revenue is doing with their portion, but we are estimating the maximum that we could get in a season is $4 million from that fee. And we also have the registration fees that came in anyway from the program.

When we are looking at costing out the Ocean Rangers over the next three fiscal years, if we were to implement ridership on every vessel, then I think we might be hitting the ceiling of not being able to fully implement. So we may have some decisions and have to come up with the best mix of:
Do we have Ocean Rangers on every vessel? It may turn out that we can't get 30 Ocean Rangers. I think that we are working this fall and winter to maximize a program, and work also with additional funding from the legislature so we have the allocation to actually spend the money.

So there is a lot going on on that front to ensure that we get the money to implement the program.

REPRESENTATIVE GATTO: There is another revenue source, and that's gambling. Are you required, with the $4, to also administer the gambling? Do you track that, or is that --

MS. STAMBAUGH: That's all Revenue. That's all Revenue. The only thing about that is the Ocean Rangers are not going to be able to gamble on board. We do know that.

(Laughter)

REPRESENTATIVE GATTO: I believe that.

MR. BAKER: How much were you normally collecting under your old registration fee? How much are you bringing in on that? Is that based on a passenger count as well?

MS. STAMBAUGH: It is. It is on
MR. FAURE: Capacity of the ships.

MS. STAMBAUGH: -- capacity of the ship, how many voyages they make. It was a sizable amount of money.

MR. BAKER: I mean, is it more or less than the $4 million?

MS. STAMBAUGH: It was less.

MR. BAKER: Okay.

MS. STAMBAUGH: Yes. And that all goes to general funds, but it was -- you know, certain parts of it we were able to use for projects. It was a self-sustaining program.

MR. TURVEY: So, I mean, based on what I heard earlier, you talked about the implementation costs for the Ocean Rangers, and then there was a discussion about air emission studies and that you weren't able to -- and we are talking about the same pot of money, right?

MS. STAMBAUGH: We were in an unusual situation this year in that the allocation of being able to use those Ocean Ranger funds is lagging a little bit.

MR. TURVEY: Meaning the authorization from the legislature?
MS. STAMBAUGH: Right, the authorization from the legislature to actually use those funds. So just to get started on this ramp-up, we did use the existing money that came from the registration.

MS. KENT: In the last fiscal year, which was the start of this cruise ship season. So each cruise ship season spans two fiscal years for us.

MS. STAMBAUGH: Right. I really wish the cruise ship program would match our fiscal year, but it splits it up, so it makes it a little hard to --

REPRESENTATIVE GATTO: Change the cruises.

(Laughter)

MR. TURVEY: Global warming will take care of that.

So are you saying, then, that you have this money in escrow? I mean, you collected $4 million. Is that spent, or is it carrying over?

MS. KENT: The money goes into the commercial passenger vessel environmental compliance fund. It has to be appropriated by the legislature for DEC to use it. So for the current
fiscal year, the legislature appropriated what I'll call our normal operating funds for the existing cruise ship program, and $1.2 million towards the Ocean Ranger program.

MS. STAMBAUGH: And we have developed, in-house and working with different requests, a dozen different budgets, trying to, you know, mix and match and maximize and optimize. I mean, we are really conscious of the cost of the program, and so --

MR. BRAKEL: So because it wasn't the full amount, that's one of the reasons you cut back on the air quality monitoring at this time?

MS. STAMBAUGH: Not really. It was more that we knew we probably didn't have our own time to spend on it. We had to make a decision with the contractor. We chose not to do it this year, but it's on our wish list in the future to do some more ambient air monitoring.

MR. KIEHL: Jesse Kiehl. I work for Senator Kim Elton.

I notice back here on the table there is a small vessel checklist. Did you have monitors riding small vessels?

MS. STAMBAUGH: No. The ballot
measure only applied to vessels over 250 capacity. In reality, most of them are over 500.

MR. KIEHL: Right. And when was the decision made to put together the checklist for small vessels?

MR. FAURE: There is no checklist for small vessels. I believe that is used in the --

MS. STAMBAUGH: There is a vessel-specific sampling plan. That's something that was already part of the program.

MR. KIEHL: Okay.

MR. FAURE: So for small vessels, between 50 and 250, and the large vessels coming to Alaska, is separate of the new law -- want to discharge, they have to sample. And then if they have to sample, we want to know how you sample it, where you sample it. Do you scoop it overboard or use a felt? These kinds of things are in the vessel-specific sampling plan.

And you see there also ingredients in it, elements, for example -- vessel size, what wastewater treatment installation, what for overboard, what for flows, what for holding tanks. So we really know, for statistical reasons, what is
going on on the ship. And we can also get data from the ship and say, "Okay. This is a ship of this size and these tanks. There is so much effluent. There is so much discharge." And so there is really a kind of passport how to discharge approved by DEC.

MS. STAMBAUGH: And that's part of the registration process every year, is you submit that plan.

MR. FAURE: If you are going to discharge.

MS. STAMBAUGH: And then, at the end of every year, we also have a big quality assurance retrospective to help the industry streamline and, you know, work with the contractors to look at the data each year and make sure people are meeting those vessel-specific sampling plans. Okay?

REVISIONS OF EXISTING REGULATIONS AT 18 AAC 69

MS. STAMBAUGH: Then the only other thing I want to mention is, we did have a statute change, but we did have an existing set of
regulations, 18 AAC 69, that does need to be revised to reflect the changes that were made in this statute. And we have started the original drafting, the initial drafting of those regulations, but that's something that we probably will be working on in the future.

And then any questions about those two things? Let's see how we are doing on time.

OUTLOOK FOR 2008 SEASON

MS. STAMBAUGH: I guess I want to move on to outlook for the 2008 season.

Obviously, we are taking the experiences we had in this season and working with our new contractor. We had gone out to bid for a contractor to work through the next three years of the Ocean Ranger program, and the first request for proposals, we had only one bidder. And through -- working through that bid, we found out and determined through our procurement process that it was nonresponsive in terms of how it costed things out.

So we reopened the bid and got additional bids. And we are in the process of
looking through those proposals, both from a technical and a cost standpoint. And I think that it's going to be early November that we will be able to name a contractor and move forward in 2008.

The first thing we want to do is look at the checklists again and include those sanitation and public health duties that we are working on.

The general permit is going to be issued before the next cruise season. We are also looking at maybe doing some efforts with pilot studies to combine what Albert described in the vessel tracking system to some newer technology that actually can work with alarms and valves and be able to realtime-track discharges.

The technology is out there. We would love to work on a pilot project to see if that could augment our program. We don't have anything on the books yet, but it would be a really great way to enhance our tracking abilities.

We also are going to be changing our staffing for the cruise ship program at DEC. We are hiring a manager for this program, and Albert will have to say goodbye to me as his supervisor.
And we just hired -- we are in the process of hiring an Environmental Program Specialist I to help with our data, and he happens to be standing over there. Ed White. He's going to be joining us in November.

We had a hard time recruiting for the position. I hope people weren't scared because everything they were hearing about the cruise ship program. But I had to go out several times to hire that position and get a qualified person.

We also have a slot for one more technical specialist to join that program. So we are beefing up the internal DEC staff. These are staff who will augment our contractors, who can go out and do opacity reads, who will do all of the data review and all of the posting of things on the web, cover complaints that come in to us.

I mean, it was -- I'll be honest -- a stressful year this year. We didn't have as many staff. I had to steal staff from other programs. So anyway, we are definitely improving in that. And then, of course, we are going to be working on revising our budget for next year.

That was all that I had
specifically on both 2007 and the outlook. I have a point here for questions and answers from the public, and then we have this room scheduled until 8:00.

I also wanted to maybe cover a little bit of some of the federal activities going on. Do you want me to hear about that before we go into the Q and A?

MR. THOMA: Sure.

EPA CRUISE SHIP AND VESSEL EFFORTS

MS. STAMBAUGH: Okay. On your agenda, it's "EPA Cruise Ship Efforts and Vessel Efforts." EPA is working on their own evaluation of the cruise industry and expect to have a report out sometime in December or February. I'm not quite sure. I actually have a representative from EPA here, Elizabeth Kim and also Liz Chaner from EPA headquarters in Washington, D.C. And they are giving a presentation tomorrow at DEC's offices at 410 Willoughby Avenue, on the second floor, from 10:00 to noon.

And they'll go through a PowerPoint presentation of their results of
monitoring a variety of different types of treatment systems used on cruise vessels in Alaska. It's compelling. I went through the dry run today, so I saw their presentation. If you want to know what is happening on the federal level, I encourage you to go to that presentation tomorrow, or talk to Elizabeth and Liz here after this presentation.

There is also an effort going on at the federal level for NPDES permits for vessels. And EPA and DEC are tracking this effort. It could have wide ramifications for all kinds of vessels, not just cruise ship vessels.

I'm working with a national wastewater group as Alaska's representative to make sure we are keeping abreast of that, that could affect boaters and all kinds of commercial vessels operating in the state. And just -- EPA has a website for that effort, so you can go to their website.

I also mentioned that there is increased interest at the national level for monitoring cruise ship air emissions, and a recent case in the Ninth Circuit has put the spotlight on that.

Other federal efforts -- Elizabeth
and Liz, do you want to say anything about your meeting tomorrow?

MS. KIM: I'd be happy to talk with anyone tonight, if you're not able to make it tomorrow, but we'll run through the whole thing tomorrow.

And I'll primarily be talking about our efforts to look at the standard that is applicable in Alaska under Title 14. So it's not related to the ballot initiative or any of that work; it's under the older law, Title 13, that applies to cruise ships in Alaska.

And the other thing that Sharmon had mentioned that we are hoping to get out in December is our cruise ship discharge assessment report. That is a different effort from our evaluation of the standards in Alaska. That is in response to a petition we got from Bluewater Network a number of years ago, looking at five different discharges, actually, from cruise ships: sewage, graywater, bilge water, hazardous waste, and solid waste. So that is a slightly different effort, and we're hoping to go out for public comment with that soon.

We are not going to be making any
announcements on our Alaska effort. We are evaluating the standards right now. But I did want to come and give some preliminary results.

In 2008, we will come forward with our determination as to whether those standards need to be changed, or whether they are okay the way they are. But I just wanted to kind of give a preview of what we've been doing, what the analysis is saying, and get your feedback on that. So that will be tomorrow at 10:00.

MS. STAMBAUGH: Thanks, Elizabeth.

Then I guess the rest of the agenda is open for more questions, comments. Boy, I really appreciate the turnout. It was a much bigger crowd than I anticipated. As I said, let me know if you want any of these handouts, and we'll post them on the website.

MR. FAURE: They'll be soon posted.

QUESTIONS AND ANSWERS - PUBLIC INVOLVEMENT

REPRESENTATIVE SEATON: Paul Seaton again. I had a question on your environmental training and going into the health
situation. Is there an effort to get the
environmental folks trained up enough so that they
can take over that work from Public Health, or is it still going to be two different agencies
monitoring --

MS. STAMBAUGH: I don't presume to speak for the federal government, but there is no way we could do the inspections those guys do. Their manual is like this (indicating). They look at every conceivable source of contamination in a kitchen. It's extremely thorough. They do unannounced inspections. They work in port. They do not ride the vessels. They do all of their work in port, and it's a phenomenal program.

I think what we best want to do is look at our regulations for solid waste, for health and safety, and things like, you know, beauty spas. And we want the focus on the things that we actually have regulations in place for and how we think we can complement those folks. I don't think we ever intend to fully duplicate what they do. I think we would need years of training to do that. Those guys are super inspectors. They have years of training.

MR. BAKER: I have one question.
What is the relationship then -- I don't understand the contractor relationship. What exactly -- because if the state is now going to hire people internally, and then you have got the contractor, and then you have got the engineers. Are they hiring the engineers, or how does that work?

MS. STAMBAUGH: Well, this year, just because we had the ramp up very quickly, we used what is called a term contractor. We have a stable of environmental firms around the state that we have already gone and vetted through our contract and procurement process.

MR. BAKER: Okay.

MS. STAMBAUGH: So we chose the best -- we did a whole bid process and chose what we thought was the best effort for this season from our existing contractors.

They, in turn, are subcontracting with MEBA, which is the Marine Engineers Beneficial Association, MEBA, and so they are actually subcontracting to that union to provide the right credentialed engineers to provide those services.

When we first looked at the ballot measure, we thought, "Could we conceivably hire these people in-house?" And there is not anybody
on DEC's staff who has that third assistant
engineer license requirement. And if we directly
hired, we would have to create a job class. I
mean, there were all kinds of impediments to doing
it that way.

So we just realized we would
probably have to go contract on that, and I think
that's a good decision, because we don't want to
duplicate those efforts in-house. What we do want
to have is some additional staff to work with those
contractors and make sure DEC's efforts are being
represented by our contractors.

And then for next season, we went
to an open bid process with a much more complicated
procurement, very specific. We had the contractors
propose and cost out different scenarios that would
be responsive to the ballot measure. Are the Ocean
Rangers going to get on the first Alaska port? Are
they going to board pilot vessels, and that would
be how they would accomplish the ballot measure
requirement to be in Alaska waters and riding the
vessel, or would we do port-to-port, or some
combination of those things?

That's what's on the table for
next season: What is the best way to maximize the
program for all aspects -- costs, safety, logistics, everything.

MR. BAKER: Is it up to them to decide whether they subcontract it to MEBA? Because MEBA wasn't specified in the -- I don't recall them. They are not part of the --

MR. THOMA: Just marine engineers were specified.

MR. BAKER: Is it just that there is nobody else in --

MS. STAMBAUGH: That's who in Alaska provides those services. We could go to other providers.

MR. BAKER: So they are all -- anybody with that certification is going to be a union member of MEBA?

MS. STAMBAUGH: Not necessarily MEBA.

MR. FAURE: There are two main unions, basically.

MS. STAMBAUGH: Yes. There is another union.

MR. FAURE: And that is basically left open, so it's up to the contractor how to obtain the third engineers. If they want to get
them from the street, that's fine, too --

MS. STAMBAUGH: Right.

MR. FAURE: -- so long as they

have these credentials and the relevant work

experience on ships, and their Z-card still in

place, then they can do that --

MR. THOMA: A current Z-card.

MR. BAKER: So who negotiates the
terms of the -- I don't know what it's called, but

the union agreement? Because like you said, the
costs are going to go up significantly because of

their parameters. Is that something that is --

MS. STAMBAUGH: Well, they are
covered by their own union, and their union

specifies a lot of those things, their per diem, their--

MR. FAURE: A good example on the

ferry system, I would say. We can look at the

ferry system contracts.

MS. STAMBAUGH: Right. The MEBA

contract is actually an appendix to that report on

the back table. It's also on our website. Just

for costing out and comparison and a local example,

we did tend to use MEBA as sort of a baseline of

what these folks would cost.
MR. BAKER: Because the state can go -- I mean, renegotiates regularly with MEBA on the Marine Highway. So I think there is some room to maneuver within a basic --

MS. STAMBAUGH: Uh-huh.

MR. BAKER: And is that something the contractor will be doing, or will your organization do that sort of labor negotiation?

MS. STAMBAUGH: It would be the contractor.

MR. BAKER: Okay.

MS. STAMBAUGH: They are looking also at the liability issue and other things that they would take on as a contractor. So they are assuming a lot of that part of the deployment of the program.

MR. FAURE: The assignments, the training, redefining of the training, that is still in the hands of the state. What I'm saying is that it's under the supervision of the contractor providing the services. It's not that I want to create the idea that we farmed this whole thing out through a contractor. That is absolutely not true.

MS. STAMBAUGH: And we already do that in the air program. We don't have enough
in-house observers to do all the opacity reads. We have had a three-year contract in place to hire trained Method 9 observers to go out. And we have a long history in the program of dealing with contracted services. And, you know, I think with additional staff at DEC on this big contract, we'll be able to keep good tabs on efforts.

MR. BAKER: I think it's going to -- because aren't they going to be able to negotiate things like -- I mean, like this year, the passenger -- are these passenger berths? Crew berths? Like how are these people treated on board the ship? And to me, those are the type of things that they are going to be negotiating for --

MS. STAMBAUGH: Right.

MR. BAKER: -- as part of this agreement that is going to significantly raise the cost, potentially. So I don't know if we --

MS. STAMBAUGH: Well, yes.

MR. FAURE: I think it is not the intention of the state to put them in honeymoon suites. I mean, even if they are offered. I mean -- so I'm looking at it, but that is my own idea coming from the industry and working for the DEC in this program a few years, is that we look
clearly in the most efficient way to implement these guys in a decent cabin. That means, for example, hopefully in a crew cabin, and close by the engine room so they cannot lose much time to do their inspections and walk around.

And I think that would be fair, and we have limited time on board the ships. Even if they stay maybe for weeks on board the ships, but they really need to get in the hour slots, how they are dedicated per day to these craftspeople and engineers to get the most out of them from an environmental feedback compliance perspective.

MS. STAMBAUGH: We are looking at the berth costs and looking at how much that would cut into the full funding of the program. At this point, we budgeted around $2,000 per a whole voyage. And one of the Catch-22s is if you book a berth, you have it for the whole voyage. Even if we deployed somebody in Ketchikan and they got off in Haines, they are -- the cruise line is losing that revenue from that berth, so they have to have some compensation for it.

And in terms of whether these folks are crew, are they passengers -- they are sort of in between. They are working passengers.
I don't know how else to describe them, but, you know, they are not going to get luxury treatment, but they are going to get fair and -- you know, we may have to decide. If there are a couple of vessels that come to the state that are luxury vessels, and every berth is expensive on those, we may have to make an executive decision at some point, does every time that vessel come, they get an Ocean Ranger on board? If the cost of the berth is hitting $7,000 or $8,000, that might not be cost effective.

Chip?

MR. THOMA: Sharmon, I had some similar concerns that Miles did about costs, and also this gentleman mentioned that he was brought here by the empire article that detailed the concern about the berth cost.

I went ahead and ran some numbers on the figures that I was given last year, which I testified to extensively in the legislature. If 25 Ocean Rangers were employed at all times and on board the ships, paying $2,100 a week, which is $300 a day, that comes out to about $945,000, reimbursing the cruise ships for the berths on board.
However, the median listed cruise to Alaska right now on Expedia.com is $1,000, and having a negotiated pre-summer price with Mr. Hansen and Mr. Binkley and the other members of the industry, that cost, if we have a $1,000-a-week cost, would lower that, of course, to $450,000. We're looking at 450 weeks of man hours on board.

I also spoke with a local hotel in Juneau -- in fact, two of them -- and they both quoted me figures of around $100 a day, or $700 a week per ranger. Those rangers could get off the ships in Juneau and Ketchikan and Skagway and the other ports at 5:00 a.m., at 6:00 a.m., get a hotel room for the day, and that cost would drop to $315,000.

And then finally I spoke with a realtor in Juneau who assured me that one can easily rent four-bedroom houses in Ketchikan, Juneau, and Skagway, and two-bedroom apartments in the smaller ports at a cost of $3,000 per house a month and $2,000 per apartment, with the daily costs included. That cost is $20,000 a month, or $100,000 total lodging costs for the five-month summer season.

That would also give you latitude
of, instead of these rangers being beholden to the ship for room and board and being tracked by them and paying for them no matter what the thing, whenever they get off, they have a house available to them in the major ports and apartments available to them in the smaller ports.

I would love to have that contract for $200,000 to supply all the lodging for the rangers, and I would save the state over $700,000 from what is now being charged or asked for on the ship.

But finally, I want to reiterate that the law does not require rangers on board 24 hours a day. I'm very gratified to hear that. I'm also very gratified to hear that the ships gave comp rooms to Oasis and to the training program this year. I think there is an area there that we can negotiate with them, but we have to get these prices down below -- I mean, $1,000 a week I think is manageable, but we can't be paying $2,100 a week to sleep during the day and have a couple of meals. It's not -- it's just not feasible.

MS. STAMBAUGH: Well, these are all issues we are working through as we speak. We're just -- we eventually had to task somebody
just to doing the research and the availability and the costs and all of these things.

MR. THOMA: If I can add one last thing, I think the parameters of the RFP were too tightly drawn. I think you should have allowed getting off the ships and having lodging in other places besides being on board the ships.

If the lodging and the transportation, the logistics, were reimbursable in this RFP, you'd have a whole different way of looking at this thing. We don't even know what the negotiated price is. And unfortunately, I don't think the contractor, of course, do, or the people that applied. So I think that was the mistake, is that lodging and transportation should have been reimbursable, and we should have been looking just as the marine engineers and also their training. And that's how I view it.

MR. TURVEY: So $1,000 a week, that's for one person?

MR. THOMA: One person on board for the duration of the trip.

MR. TURVEY: And I guess the issue is, if you take that one person and you put them in a cabin, you can't sell the other bed.
MR. THOMA: That's correct.

MR. TURVEY: So for us, it's still a lost cost --

MR. THOMA: That would be a comp by the ship to the program, right. And we would pay $1,000 of that. We would pay about half of that, rather than paying the entire freight on the thing.

Instead of paying for two people, which is what we are being asked to do -- we are being asked to pay for double occupancy. We're asking for single occupancy but not at the single occupancy rate, which is almost double occupancy. So what we want is half the double occupancy rate. Then the program will work, and we have got enough money to carry that off.

MS. STAMBAUGH: Do you have a copy of what you --

MR. THOMA: I have my comments for you, yes.

MS. STAMBAUGH: Okay. Thank you.

MR. THOMA: They are all addressed in here.

MR. BINKLEY: I just had a quick comment. John Binkley. I would say if you can
find it on Expedia for half the price, buy it, book them. Wherever you can find the best rate, whether it's a travel agent, Expedia, however you can get the cheapest cabin rate, buy them. And if you can save half the money, the state has an obligation to try and do that, to get it for the least possible cost.

The other thing -- I think Chip brought up some excellent points about other alternatives, maybe of housing in the local communities as they come through.

The cruise lines did work closely with DEC to make available any space that they had on vessels as they came available. But it's one thing to do that when you say, "Okay. Next Thursday, there is going to be an Ocean Ranger that shows up in Juneau." They show up, and there is a spare cabin, and they allowed them to use that between Juneau and Haines.

But to say, a year in advance, you need to reserve a cabin for that Ocean Ranger, that's completely different. So I think if we continued the arrangement like we had this year of trying to work as those came available, that might be something that is workable. But if you want to
make sure that there is a cabin every day on every
ship all summer long, you are going to have to buy
that cabin.

    MR. FAURE: But, John, the law is
still quoting 24/7 while in Alaskan waters.

    MS. STAMBAUGH: No, it just -- I
mean, I think one of the issues with the citizens'
balot initiative is, when it came to us, we had to
kind of construct the intent behind it. And we are
not working on a 24/7 assumption. Being -- having
an Ocean Ranger while in Alaskan waters, you're
right. While they are in port, they might not need
to be doing any inspections.

    But there is discharge going on
while some vessels are in port, so there are
environmental activities on board that could
conceivably, you know, need or want some
monitoring. That -- right now, that's when we do
most of our inspections, is where vessels are in
port.

    MR. THOMA: Well, they have to
sleep sometime. We want them on board when the
vessel is operational.

    MS. STAMBAUGH: I agree. I mean,
I think -- I mean, I'm cheap at heart. What I'm
hearing, what you're saying -- I think, you know, that makes a lot of sense. I think that we were really looking at, "We have to put somebody on board," and if we want -- and there are some, I think, conditions through their union contract that they have to have decent accommodations. So, you know, I think that working with cost and being fair on these observers, you know, being fair with the cruise industry -- it's a balancing act here.

MR. KIEHL: Can I get clarification on one point? Because a lot has been bandied about by people who have been watching this much more closely than I have been.

The RFP is out for the contractor to retain and dispatch, I think, Ocean Rangers on board the ships. Does the RFP include berths, or is that something the department is negotiating separately with the lines? I'm lost.

MS. STAMBAUGH: Well, it did. The way that it was written was, we expected them to provide information about berths. But the kicker is, we are running up against this: Are the berths going to be available by the time we get the contract in place?

That's why the state set out on
its own to try to research, investigate, call, work with. We have one person pretty much detailed on this, to compare prices. We are even looking at other types of observer programs, like the NOAA fisheries observers. How do they do it? How do pilots -- you know, how do the pilots that guide all of the cruises vessels -- they have two guys or gals going on board and piloting 24/7. They have to have 24/7 coverage, for obvious reasons.

So, I mean, we are comparing them to those types of programs and trying to see what is the best mix here. I mean, one possibility is to have a combination of continuous ride, you know, looking at the overall costs of the berth. Is it one of these luxury berths that's $7,000, or is it a more introductory rate that you could get on Expedia or something on a different type of vessel? I mean, we are looking at, you know, could we augment a ridership program with in-port inspections?

The one thing that we learned from this year is maybe the pilot boat might be the most difficult thing, but -- dealing with, you know, logistics of moving from port to port, that did turn out to be harder than we thought.
MR. KIEHL: The contract report also said it was going to be more expensive.

MS. STAMBAUGH: To do port-to-port?

MR. KIEHL: Yes.

MS. STAMBAUGH: We always thought, if you just wanted the most efficient way to budget, would just be to buy the berth for the whole voyage, no matter what. I mean, that would be the most predictable, efficient way to make sure you had a berth. And it turns out, if you use three days of it, you pay the same amount as if you use all seven days.

MR. THOMA: Well, my suggestion is that you think about pulling the RFP and coming back in with another RFP that makes the transportation and lodging reimbursable. And I think then you'll have a much clearer look at the program, and you'll be able to negotiate those costs independently of that. And then that will become the reimbursable part.

MS. STAMBAUGH: I'm not a procurement specialist, but this is already the second time we have gone out to bid. And I think for the expediency of getting something in place
for 2008, what we'll probably look at is work with
some amendments to the original RFP to tailor
something that would work. I can see us doing
something like that, based on -- we had to go out
to -- we had to go out to bid on these contracts
before we had those season results in.

MR. THOMA: Oh, yes. Right.
Right.

MS. STAMBAUGH: Gosh, it's so
quiet with no basketball or questions. More
questions? All right. Thank you everybody for
showing up.

(Cruise Ship Forum concluded at 7:47 p.m.)
CERTIFICATE

STATE OF ALASKA )
FIRST JUDICIAL DISTRICT ) Ss.

I, LYNGDA BATCHELOR BARKER, Registered Diplomate Reporter and Notary Public duly commissioned and qualified in and for the State of Alaska, do hereby certify that the foregoing proceedings were taken stenographically before me and thereafter reduced to typewriting by me or at my direction.

That the foregoing transcript is a full, true and correct transcript of the proceedings, including questions, answers, objections, statements, motions and exceptions made and taken at the time of the foregoing proceedings.

That all documents and/or things requested to be included with the transcript of the proceedings have been annexed to and included with said proceedings.

IN WITNESS WHEREOF, I have set my hand and affixed my Notarial Seal this 30th day of October, 2007.

LYNDA BATCHELOR BARKER, RDR,
Notary Public for Alaska
My commission expires: 5/6/08