

Gorsuch: State Was Checking Slope Allegations from the Start

By PAUL JENNINS
Associated Press Writer
ANCHORAGE (AP) — Despite Gov. Bill Sheffield's previous comments to the contrary, the state Department of Law for months has been investigating North Slope Borough's financial dealings under former Mayor Eugene Brower, Attorney General Norman Gorsuch said Wednesday.

Gorsuch said Sheffield erred when early this year he told reporters the state would not investigate the borough's activities until there was some evidence of wrongdoing. In fact, the department had started preliminary work on the case as soon as officials a copy of an audit he ordered after defeating Brower, Gorsuch said. That preliminary work evolved into a criminal investigation, he said.

"I perhaps did not mention or brief him clearly enough," Gorsuch said. "In my judgment, I probably did not adequately brief the governor. I may have assumed too much. I could not expect him to understand the nuances. The fault, the error here, is mine, not his."

"The rap (for the conviction) probably belongs on my desk because I just didn't clearly articulate this enough to satisfy the public's concern. ... In the intervening months, Sheffield's administration has received stinging criticism from several quarters for apparent distasteful in the soliciting of money from several quarters for the purchase of this equipment. ... He was very accurate in describing the politics of this department," Gorsuch said. "It was wrong in the sense that I failed to brief him, he was not able to articulate what was going on as he would have if I had briefed him properly."

North Slope Seeks Blackstock Records

ANCHORAGE (AP) — North Slope Borough officials seeking information on questionable payments for building materials are being denied access to borough records possessed by a Seattle attorney, an official claimed in a federal court affidavit Wednesday.

Though H.W. Blackstock Co. Inc., the borough's largest contractor, is required to make records available for auditing, the records in question are said Robert Mahoney, an Anchorage attorney representing the borough.

"At the present time, all access to Blackstock records maintained by the borough is being prevented from conducting an audit of Blackstock," he said. Blackstock became the borough's purchasing agent in 1977, and supplied the borough's \$1.2 billion construction program.

Deborah deLambert, a San Francisco attorney representing Blackstock, said she was not authorized to comment on the matter. On Feb. 14, North Slope Mayor George Ahmsgaak canceled the

Gorsuch himself was quoted in state weekly news accounts as saying the state would not start an investigation unless more facts were available. "We do not launch investigations based on rumor or hearsay," he said at the time. "It looks very frankly to me that the borough has a man on its hands ... and it's not up to me to clean it up."

But Gorsuch said Thursday his office actually had started "the review process" as soon as the audit had started. "The term investigation is a word of art," he said. "To a layman, the term investigation means something very different. A layman may have characterized our initial analysis as part of an investigation. To me, as a prosecutor, it would not."

"He said he may have been too technical in briefing the press and governor, and that may have clouded that the agency actually was doing. ... I think if I had it to do over again, that I would have clearly emphasized that it was starting a review process. ... I would have said it more often, more loudly and more clearly that that was what we were doing."

Gorsuch said his agency early this year followed "standard procedure" in reviewing and analyzing the North Slope audit. That review prompted questions which shifted the department into a fact-finding inquiry, he said.

"Now, based on the inquiry, the agency, using the periodic assistance of Alaska State Troopers investigators, is pursuing a criminal investigation of a half-dozen individual transactions mentioned in the audit. The criminal investigation started about three weeks ago."

"The criminal investigation will take a long time because of the complicated Blackstock contract. Last month, Anchorage architect Rune Appel sued in federal court, charging Blackstock with racketeering and bribery."

He also named as defendants the borough, former Mayor Eugene Brower and another contractor, the affidavit said.

"Blackstock is required to have that lawsuit dismissed," the affidavit said for a half-dozen individual transactions mentioned in the audit. The criminal investigation started about three weeks ago.

"Mahoney's affidavit was filed in response to the state report. He argued Blackstock's request 'totally ignores the rights of the North Slope Borough and its citizens.' He said a stay may prevent the enforcement of the \$1.2 billion payments before the statute of limitations runs the borough from collecting on its claims."

"The borough will also be prejudiced in that it will be unable to obtain critical records, which are property of the borough but are now in the hands of Blackstock, to determine the legality of certain payments on contracts involving Blackstock," Mahoney said.

Ketchikan Mill, Union Start Talks

KETCHIKAN (AP) — Louisiana Pacific, Ketchikan Division, on Wednesday began contract talks with the International Brotherhood of Electrical Workers, whose current contract expires at the end of the month.

The IBEW local met with LPE initial bargaining sessions, said Job Kitch, a long-time bargainer for the unit.

LPE industrial relations manager Clyde Johnson said meetings will be scheduled soon with the International Union of Operating Engineers and the Association of Western Pulp and Paper Workers.

IBEW and IUOE contracts expire at the end of this month. The union is working under a March revision of a contract offer implemented by the company last October.

Pay and benefits for all of the pulp mill workers in the wake of the nearly six-month 1984 shutdown of the Ward Cove mill. Company management told workers that cost reductions were crucial to survival of the division — which had more than \$12 million on last year's sales, according to a report early this year from its general manager, Mel Mountain.

Sen. Sues State Over Royalties

ANCHORAGE (AP) — An Alaska legislator has sued the state Department of Natural Resources and the Chugach Electric Association, contending additional state royalty costs for Sitka River natural gas.

Arco wants to be reimbursed by Chugach for these charges if the oil company must pay the additional royalties, a suit filed Tuesday in Anchorage Superior Court says.

The suit stems from the state's production in 1984 in royalty gas price declines. It says the state's royalties from rates based on long-term contracts between the oil companies and utilities.

Arco paid its royalty based on the price it received for the gas under a 1983 contract with Chugach, but the state says Arco should include a surcharge for reimbursements it receives from Chugach in its calculation.

"If we pay the state that, Chugach is in the position of having to pay for that again," said Arco Alaska president Harold Henneke.

The state claims that its share of the gas should be valued at the price received by Shell in a 1982 contract with Foster Natural Gas Co. but Arco claims that no selling buyer now exists for significant quantities of Sitka gas "at or near" the contracted price.

Legislative Leaders Eying the Calendar

ANCHORAGE (AP) — The legislative session is to go beyond the 130-day limit this month, it will take two weekends of the members of each house to adjourn. It's not clear how long the session will last.

Alaska voters overwhelmingly approved a constitutional amendment in November holding the legislature to 130-day sessions. The much-publicized session-limit initiative was approved by a 70-20 vote.

Under the new amendment, "The legislature shall adjourn from regular session no later than 130 consecutive calendar days from the date it convenes except that a regular session may be extended for up to 40 consecutive calendar days."

"An extension of the regular session requires the affirmative vote of at least two-thirds of the membership of each house of the legislature."

During the last decade, legislative sessions have gone less than 90 days only twice (96 days in 1978 and 113 days in 1979). The average for the past 10 years has been just shy of 136 days.

"This year, the legislature has surpassed legislative limits ranging between 20 days and 40 days, with an average of 76 days. It's not surprising we want to do," said Senate President Don Bennett, R-Fairbanks, about extending the session. "On the other hand, you do what you take it up in the extra 10 days of leave it on the table for next year," he said. "I don't think the voters are there — at least in the House."

Coalition Seeks Ban On Foreign Fishing

JUNEAU (AP) — Fishing by foreign vessels in American waters will be prohibited by the end of five years if a group of seafood processors, commercial fishermen, sport fishermen and labor groups has its way.

The USA (United Seafood Association) Coalition announced its goals at a news conference Wednesday, contending that it's time to Americanize the nation's fishing grounds.

Members of the group want to amend the Magnuson Fishery Conservation Act to allow fishing by 1990 and foreign processing by 1995.

"Foreign fishing interests are taking more than four billion pounds of fish each year from U.S. waters off Alaska's coast and that amounts to 60 percent of the total harvest," said Larry Colter, a coalition member and president of the International Longshoremen's and Stevedores Union.

Returning control of the fishery within the 200-mile limit from foreign to domestic hands will create jobs, stabilize the economies of many Alaska coastal communities and reduce "inequitable catches" of halibut, salmon and herring for foreign high-sea fishing vessels, coalition organizers said.

Senate Gets Budget Ready for Floor Fight

BY DEAN FORBICK
Associated Press Writer
JUNEAU (AP) — The Senate has set floor action for today on its version of a \$4.1-billion operating budget for next year, and minority Democrats plan to amend it with a dozen amendments — including one to fund state employee pay raises.

The measure (S.B. 2020) was passed Wednesday from the Senate Finance Committee without the \$2 million in general fund money that had been set aside for public employee salary increases next year.

That puts the spending plan at roughly the same level as the operating budget passed Friday by the House, but with different priorities for people and programs. And it sets up a late-session, family feud between the two bodies over state employee pay policy.

Under the budget, there is no raise for the last two years' of a three-year contract, lawmakers said. House leaders and Gov. Bill Sheffield are opposed to that idea. And Sen. Joe Healy said Wednesday that he would give his own version.

"I'm very disappointed about the state pay issue," Josephson said. "I plan to support the employees and the governor on that. It will be one of the issues in 1984, the legislature passed Chapter 19, which suggests if the legislature disagrees a contract does so by registering its disapproval within 60 days," the Anchorage Democrat said. "That was not done."

Josephson wouldn't discuss any of the other amendments he plans to introduce, other than to say they would affect education, health, human services, the arts and the legislature in formation.

"Some of those you saw in the House," Josephson said. Sen. John Sackett, R-Hillyard and chairman of the Senate Finance Committee, said the big difference between the houses is in where they reach for their revenue.

"We want to recover \$2 million in general fund money by decreasing salaries on our side, they want \$24 million from AHC" (the Alaska Housing Finance Corporation), Sackett said. "It's a question of revenue."

"The loan programs are nearly identical in both houses. The only difference between the House and Senate is in the way they set the overall operating budget. The House would amount to \$1.5 billion. That's \$2.6 billion more than the state's general fund, \$220 million in federal money and \$1.3 billion in state funds."

The comparable figure for the current year was \$1.7 billion, or 4 percent more than the total outlined for fiscal 1984.

Gov. Bill Sheffield had proposed in January that \$2.4 billion be appropriated from the general fund to run government through the next fiscal year beginning July 1.

"If we pay the state that, Chugach is in the position of having to pay for that again," said Arco Alaska president Harold Henneke. The state claims that its share of the gas should be valued at the price received by Shell in a 1982 contract with Foster Natural Gas Co. but Arco claims that no selling buyer now exists for significant quantities of Sitka gas "at or near" the contracted price.

Clearance Sale on Stash Tea 60 pkg. \$4.99 30 pkg. \$2.49 30% off regular price The Coffee Express Seward Square

Apple Users Meet The Apple Users Group will meet 7 p.m. tonight in the Blackfoot Junior High School Computer Room. All interested persons are invited to attend the meeting.

Open House Set Sheldon Jackson College Art Department will hold an open house 10 a.m. May in the Ceramics Building. Student works will be on display and for sale. Refreshments will be served. The Ceramics Building is on the north side of Allen Auditorium.

WANTED Donations for the Sitka Sportsman's Annual Salmon Derby, May 25, 26, 27, June 1 & 2. All donations welcome. Bring to Mac's Sporting Goods or call 747-6970 for pledge form. Last year over 1,000 people participated in the derby!!