

## Doniece Gott

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**From:** Sen. Anna MacKinnon  
**Sent:** Friday, April 08, 2016 12:41 PM  
**To:** Senate Finance Committee  
**Subject:** FW: SB138, Capital Budget

**From:** David Boyle [mailto:dboyle@alaskapolicyforum.org]  
**Sent:** Friday, April 08, 2016 11:59 AM  
**To:** Sen. Pete Kelly <Sen.Pete.Kelly@akleg.gov>; Sen. Anna MacKinnon <Sen.Anna.MacKinnon@akleg.gov>  
**Cc:** Sen. Mike Dunleavy <Sen.Mike.Dunleavy@akleg.gov>; Sen. Lyman Hoffman <Sen.Lyman.Hoffman@akleg.gov>; Sen. Peter Micciche <Sen.Peter.Micciche@akleg.gov>  
**Subject:** SB138, Capital Budget

Senators Kelly and MacKinnon,

We would like to comment on the record on one section of SB138, the capital budget. We have serious difficulty with the Department of Military & Veteran Affairs entry on the Bethel Scout Battalion, page 5, line 17. Starting a new program in the face of a serious budget deficit appears to be the wrong thing to do. This new program also seems to be unsustainable for several reasons.

Firstly, the mission seems rather nebulous and questionable. According to Alaska Public Media (December 28, 2015), the governor wants to "start a new line of defense across the state". We have seen no long term plan/program for the eventual rollout of this "Alaska state-wide defense force". How large will it be? How much total equipment will be required? How many personnel will be required? These are just a few of the questions that need to be answered. However, the most important question is what is the overall mission of this "defense" force? If it is to respond to attacks by unfriendly nations/persons, that seems to fall into the purview of the DOD.

The Alaska Public Media article goes on to say that the sponsors of this effort "envision about 15 scouts per village". That seems like a very high number in total. We also have concerns regarding the fiscal note. This note states that the DMVA would use the \$1 Million to purchase equipment to support the new Scout Battalion. Who will be responsible/accountable for this equipment once fielded? Who will maintain the equipment? We see no O&M costs in the fiscal note. There needs to be a cost for O&M.

This program seems to be a solution looking for a problem. We do not have the financial resources to start this new program. Strongly recommend that this line item be deleted.

Thank you for your service.

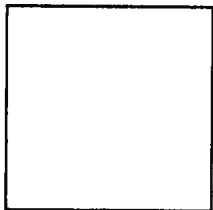
Respectfully,

David Boyle

Alaska Policy Forum

201 Barrow St #8

Anchorage, AK 99501



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**Alaska Power Association**

703 West Tudor Road, Suite 200  
Anchorage, Alaska 99503-6650  
(907) 771-5700  
Fax: (907) 561-5547  
[www.alaskapower.org](http://www.alaskapower.org)

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April 7, 2016

FY17 Operating Budget Conference Committee  
Alaska State Capitol  
Juneau, Alaska 99803

Re: Funding for Renewable Energy Fund and Emerging Energy Technology Fund in FY 2017 Operating Budget (HB 256)

Alaska Power Association is the trade association of the electric utilities in the state of Alaska. We represent utilities from Barrow to Unalaska, through the Interior and Southcentral, and down the Inside Passage.

APA urges the Conference Committee to restore \$2 million to the Fiscal Year 2017 Operating Budget for the Renewable Energy Fund. This appropriation would allow the Alaska Energy Authority to protect the state investments in the Renewable Energy Fund by managing the 133 existing, active REF grants that represent \$131 million of state investment. If funding is not restored, AEA will not be able to effectively manage the existing grants, resulting in decreased project management and technical oversight.

We further urge the Conference Committee to restore \$250,000, from federal receipts, for the Emerging Energy Technology Fund. This appropriation would allow for the continued management of a program that has led to technological advances in Alaska's electric energy field.

Projects that have been funded by the Renewable Energy Fund and the Emerging Energy Technology Fund have a proven track record of bringing down costs – or holding costs steady – in communities across the state. We are taking the long view by asking for this program management funding to be restored in the Operating Budget. Through continued investment in these programs, communities where our friends and families live will benefit from lower cost energy and growth in their economies.

Sincerely,

Crystal Enkvist  
Executive Director

## Doniece Gott

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**From:** Anne Biberman <anne.biberman@gmail.com>  
**Sent:** Wednesday, April 06, 2016 3:33 PM  
**To:** Senate Finance Committee  
**Subject:** UAF Engineering Building

I urge you to support the balance of funding for the UAF Engineering Facility.

I've been over there. Right now, this building is a nice, dry shell with all the systems installed. It's ready to use except one thing: the interior hasn't been finished so it's standing empty and unused.

Maybe in a year of budgetary shortfall that wouldn't be the worst thing, and perhaps it seems counter intuitive to be spending the money at this time except that it's wasting \$500,000 a year to maintain, it becomes more expensive to finish with each year that passes and we need the engineers we could be training there.

The Department of Labor estimates Alaska will need 137 engineers and another 62 engineering technicians annually between now and 2022. Completion of the engineering building at UAF will allow the university to meet that need.

We're looking at implementing an income tax. In fact, we need to implement an income tax. Consider that the average engineer makes \$100,000 then compound that over the ensuing years.

We started this project because we needed its product and our need for these professionals in the state are no less today than when we began.

In addition to offering master's and doctoral engineering degrees, UAF has seven undergraduate engineering degree options, including mining, geological and petroleum engineering, which are not available elsewhere in Alaska. UAF needs to work with UAA on this.

I am not personally employed by the University or in any business that would be affected by this. I simply see this as an enormous waste while it is left unfinished and we cannot afford to waste money at this time. Meanwhile, the state needs new engineers and the completion of this facility will allow for this to happen. It would be a positive move towards new revenues in the future.

So. In brief:

- Completion of UAF's engineering building is the university's number one capital priority
- Alaska business and industry needs the engineers this building will allow the university to meet that need.
- UAF engineering graduates successfully find high-paying jobs in Alaska, contributing to the state's economy.
- The state has invested more than \$70 million in a building that can't be used without additional investment. Waiting costs the state real dollars: Each year the project cost increases by \$3 million and we waste \$50,000 just keeping it on hold.

I hope you will fund the completion of the UAF Engineering Facility. It's an investment in our future.

Thank you for your consideration and your service

Anne Biberman  
Fairbanks, AK

## **Public Testimony on SB138 – FY 2017 Capital Budget**

Senate Finance Committee – April 06, 2016 @ 1:30pm

Teleconference Hearing

[finance.committee@akleg.gov](mailto:finance.committee@akleg.gov)

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Chairwoman MacKinnon and members of the Senate Finance Committee:

First of all I would like to thank you for this opportunity to testify on Senate Bill 138 Capital Budget. My name is Martin B. Moore Sr., the City Manager for the City of Emmonak. (I previously served in the Alaska House of Representatives in 1971-1972. Senator Olson represents the Lower Yukon in the Alaska Senate, and Representative Neal Foster in the House.)

I wish to speak in support of the following projects:

- **Emergency Funding for a new Fire Truck**
- **Water Line Booster Station**
- **Support YDFDA rebuilt infrastructure through Grants and Loans**
- **Yukon River Regional Port Project**

We recognize the challenge you face in balancing the state budget. Nevertheless, I must speak in support of the infrastructure needs in our community and the Kusilvak District.

The 9,000 people of Kusilvak District lost our annual income of 6 million dollars of commercial fishing and our subsistence of the Chinook salmon. During that time, the Chum salmon crashed to less than a nickel per pound. In July 1999, Governor Tony Knowles declared it a disaster and to this day we have not recovered.

Many sacrifices of the Yukon Delta Fisheries Development Association (YDFDA) through auspicious of YDFDA board and their staff, built the infrastructure for the salmon processing plant from a nickel per pound to 60 and 70 cents. They harvested nearly a million Chum salmon during the 2015 commercial season, with subsistence included.

On March 19, 2016, the Kwik'Pak Fisheries, Salmon Packaging Facility, our local Boat Manufacturing Building, and three other supportive enterprises of local economic base infrastructure facilities burned down. Kusilvak District's 9,000 people had a devastating disaster.

The City does own a surplus military fire truck but it is not large enough to fight commercial fires and parts for repair are no longer available. The City is requesting state assistance to secure a new 1,000 gallon capacity fire truck, estimated at \$380,000.

The fire damage would have been less, had the water line to the Kwik'Pak Fisheries did not freeze during the winter months.

Heat and circulation pumps with a small Booster Station will cure the problem. The City is requesting an estimated cost of \$250,000 to purchase the equipment.

The City of Emmonak supports the restructure of YDFDA's new facilities with assistance from the State, Federal Government, Grants and Loans, where it may be possible to reach the amount of 3 million dollars to rebuild.

Our region suffers from an extremely high unemployment rate and high costs of living, primarily due to transportation and cost of energy. Construction of a regional port project in Emmonak will alleviate some of cost of living. The regional port project is fully designed and permitted. The project has received \$3 million and purchased necessary gravel and rock aggregate which was shipped to the port site. Another \$2 million has been tentatively pledged toward the project.

As the Senate Finance Committee reviews the budget, including repeal-appropriated funds, please consider General Obligation bonding, and our Regional Port Project Bonding.



## ***As Related to HB250, SB128 and SB138***

As the 29<sup>th</sup> Alaska Legislature winds down in just under 2 weeks, they are 'working hard' to fix the budget and figure out how to pay for it. A couple of weeks ago at a press conference, Governor Bill Walker pretty much said that if Our legislators don't send him a budgeting package that incorporates HB250 & SB128 along with a assortment of other legislation that include an income tax, raises taxes on certain consumer goods and a total restructuring of the Permanent Fund... he will call them into a special session to fix the problem. Sure sounds a lot like President Obama when a 'shutdown' is looming in DC. With an election season looming, it's likely that the Alaska Legislature will buckle and comply to the dictate and pass along several bills that will have adverse impacts upon the private economy across Alaska.

In raising Our voices, #ProtectThePFD has presented options/ideas/solutions/plans to address the fiscal fiasco in Juneau. From the 3-Year Budget Plan that maps out how to pay for the next three years of government to the modifications/amendments to pending legislation, We are doing more than protesting. In looking at the cuts that can be made and trying to balance the numbers, We decided to show what impact these numbers actually have on individual Alaskans.

Over the Winter, United for Liberty coordinated the authoring of an in-depth study at how Alaska is spending it's money and what measures could be taken to restructure/revamp agency operations to be more efficient and economical. Knowing that the first year of cuts on the way to bringing the UGF budget down to a sustainable level would cause a bit of a 'shock' throughout Alaska, recommendations were aimed at minimizing impact upon the services that the State of Alaska provides Alaskans.

Several cost cutting measures were identified for implementation in 2017 that add up to \$720,000,000.00 annually. Wow! That's sure is a big number...especially for most citizens. But what does that number actually mean to Us individual Alaskans? *Let's Look...*

Unfunded PCNs  
 $250000000 \div 760000 =$   
328.947368421

Medicaid Revamping  
 $220000000 \div 760000 =$   
289.473684211

Education Restructuring...  
 $250000000 \div 760000 =$   
328.947368421

Total Savings...  
***\$947.368421053 per Alaskan***

Now, let's re-do these numbers using the approximate 420,000 people in the Alaskan workforce since Governor Walker wants to increase State of Alaska revenues by approximately \$200,000,000.00 to cover above inflation and per-capita government sector spending by implementing a Personal Income Tax.

Unfunded PCNs...  
 $250000000 \div 420000 =$   
595.238095238

Medicaid Revamping...  
 $220000000 \div 420000 =$   
523.80952381

Education Revamping...  
 $250000000 \div 420000 =$   
595.238095238

Total Savings...  
***\$1571.42857143 per Alaskan Taxpayer***

Now, let's figure out what the government spends...

Under the Governor's New Sustainable Alaska Plan:

$5200000000 \div 760000 =$

**\$6842.10526316** per Alaskan

Now, let's break this number down again and pull out the above mentioned per Alaskan savings.

$6842.10526316 - 947.368421053 =$

**\$5894.73684211** per capita spending

$5894.73684211 \div 6842.10526316 =$

0.86153846153, a **14% reduction** in government cost with minimal impact upon what the SoA provides Alaskans.

Total Budget Size:

$5894.73684211 \times 760000 =$

**\$4,480,000,000**

This is inline with the 3-Year budget reduction plan that gradually reduces government to an inflation proofed growth rates of \$4.5 Billion, \$4.0 Billion & and \$3.8 Billion for FY 2017, 2018 and 2019 respectively. These aren't the only cuts that can be made as there are efficiency and consolidation measures that can be made all across the spectrum of the State of Alaska that will help continue the path to sustainability under a real plan for Alaska's future.

These measures are just the Step One in fixing the issue of our sinking ship...Stopping The Leaks. If the House and Senate can immediately legislate these three suggestions, the next phase of finding more to trim and fix can be 'kicked down the road' without implementing or raising taxes nor altering the PFD.



Thank you for the opportunity to testify today on the FY17 Capital Budget. My name is Lois Epstein and I am an Alaska-licensed engineer and Arctic Program Director for The Wilderness Society. Since our organization's inception in the 1930s, The Wilderness Society has had scientists engaged in Alaska conservation issues. I have worked on Alaska transportation and energy issues for nearly 15 years.

Notably, I am the author of a series of reports over the past six years detailing spending on many of the state's transportation and energy megaprojects. Each *Easy to Start, Impossible to Finish* edition is different and – in my view – better, as later editions incorporate feedback and comments from knowledgeable project development professionals who seek me out to help my in these analyses. The latest edition, the fourth, which was distributed to all legislators in March, focuses on four projects that Governor Walker stopped discretionary spending on in 2014 and then restarted spending on in 2015. These four problematic projects are the Ambler Road, Juneau Access, Knik Arm Bridge, and Susitna-Watana Dam.

As documented in the March 2016 report, the state has spent more than \$324 million dollars on studies for these four projects. Data on the Knik Arm Bridge made available this past week shows that figure may be even higher. Since there has been roughly \$263 million dollars in state and federal money appropriated but unexpended to date on these four megaprojects, there is substantial money in the capital budget that could be moved away from these projects and spent on needed infrastructure improvements, especially fixing and upgrading existing infrastructure like a bypass of Wasilla on the Parks Highway or expanding the Eagle River bridge on the Glenn Highway to both directions. This money would be “new revenue” and, as I'm sure you recognize, one-quarter billion dollars or more exceeds the amount of one year of the governor's proposed income tax. By moving part or all of this money for the megaprojects, Alaskans can be put to work immediately, rather than waiting for extended permit processes for the megaprojects – with uncertain outcomes – to be completed.

Conservative, minimum capital costs for these projects are \$430 million for the Ambler Road, \$574 million for Juneau Access which is likely low given the many uncertainties of construction in highly challenging terrain, \$1.17 billion for the Knik Arm Bridge, and \$5.655 billion for the Susitna Dam. These estimates do not include operations and maintenance. Anticipated user revenues from the projects are expected to be relatively small.

A final important point on the transportation projects is that even those that are using federal money are not free in that there is a state match component. With the state's fiscal problems, it will be tough to come up with match money to spend all federal transportation money available to Alaska, especially newly released funds from former federal earmarks that must be obligated by September 2019. That means it's even more important to make some hard choices and cancel one or more of these projects to free up state funds as match money for federal transportation dollars.

Thank you for your attention to these important financial issues. I am happy to answer any questions you may have.

## Doniece Gott

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**From:** Crystal Enkvist <cenkvist@alaskapower.org>  
**Sent:** Thursday, April 07, 2016 11:23 AM  
**To:** Senate Finance Committee  
**Subject:** Alaska Power Assn comments on capital budget

Members of the Senate Finance Committee:

Alaska Power Association is the statewide trade association for electric utilities that supply power to more than a half-million Alaskans from Barrow to Unalaska, through the Interior and Southcentral, and down the Inside Passage. APA and its member utilities respectfully urge you to retain in the proposed FY17 capital budget for the Alaska Energy Authority the \$5.65 million for rural power system upgrades and \$6.65 million for bulk fuel upgrades, and to ensure there is at least \$5 million for Renewable Energy Fund grants (as was in the Governor's originally submitted budget).

The state's economic future hinges on reliable and affordable electric power. To weather the current budgetary downturn, the Legislature must make prudent, strategic investments in essential electric energy infrastructure. Not doing so will result in the following outcomes: more Alaskans becoming energy poor due to electricity and heating costs, continued declining populations in formerly viable communities, missed opportunities for development in urban and rural Alaska, and increased assistance needs for schools and other community facilities especially in rural areas. Investing even modestly today in electric infrastructure will pay lasting dividends throughout Alaska.

Sincerely,



**Crystal Enkvist**

Executive Director

Alaska Power Association

703 West Tudor Road, Suite 200 | Anchorage, Alaska 99503-6650

907-771-5700 Main Office | 907-771-5703 Direct

907-561-5547 Fax | [www.alaskapower.org](http://www.alaskapower.org)

*~ The Unified Voice of Alaska's Electric Utilities ~*