

3521 Andree Drive
Anchorage, AK 99517

April 6, 2015

**Senate Finance Committee
State Capital
Juneau, Alaska 99801-1182**

RE: Support for UA Engineering Initiative in FY16 State Capital Budget

Madame Chair McKinnon and Members of Senate Finance, I ask that you continue capital funding toward completion of the UAF Engineering Building.

I am licensed petroleum engineer and commercial consultant from Petrotechnical Resources of Alaska. I am a graduate of UAF in Mechanical and Mining Engineering. I also have an MBA from Duke University. I worked for UNOCAL in their Alaska, lower 48 and overseas operations for over 25 years. I now consult on oil and gas projects for regional native corporations, Cook Inlet Utilities and oil and gas exploration companies that are new to Alaska.

I am past Chair of the UAF College of Engineering and Mines Advisory and Development Council. This Council of engineers from across the state helps the College with strategic issues, industry perspective, as well as advocating for the College's engineering programs.

I would like to thank the legislature for recognizing the need of growing the engineering enrollment and capabilities at both UAF and UAA and to urge the committee to pass legislation to allow for the completion of the new engineering building being constructed the at UAF campus.

The purpose of this letter is to ask for the Alaska State Legislature's support of continued funding to complete the University of Alaska Fairbanks College of Engineering and Mines Engineering Learning and Innovation Facility. While the state revenue picture has certainly changed over the past six months, the need to finish the UAF CEM facility is still necessary. We appreciate all you are doing to balance the state budget at a very difficult time indeed. It is understood that state dollars are scarce right now, yet if construction is stopped, it will cost more over time to complete this facility.

The balance to complete the CEM Facility is \$31.3 million. While we understand the fiscal position you face, we also know it will cost more to complete the structure the longer this is delayed. Please consider including \$10 million in the FY16 capital budget to continue the construction of this important and necessary facility.

Last year, the legislature and governor approved funding to complete the UAA engineering building and to continue work on the UAF building. These facilities are very necessary to meet

the needs of the engineering programs required to grow our State and to develop future technical professionals to design and construct our future development projects in the State.

The new facilities will allow for continued training of Alaska engineers, which are so important to current industries and economy of our State, but will also be necessary for new infrastructure and resource development in the future. These new facilities will also help in the recruitment and retention of world-class engineering faculty. There is also large support from industry to hire Alaska educated engineers. It is very expensive for companies to bring engineers into the state, train them and take the risk that they will not stay.

A few large projects in the State's future requiring large numbers of engineers are the export of our NS natural gas, now likely to be a \$45-65 billion LNG project consisting of conditioning plant, pipeline and LNG plant, offshore Arctic oil and gas development, potential pipelines from western Arctic OCS to the TAPS oil line, Watana dam hydroelectric generation and transmission, and new mines and other resource and infrastructure developments. There will probably be a lot of future engineering required in the State as a result of the current global warming trends. These future projects will require large increases in engineering staffing in the state of Alaska.

I believe the use of State funding to increase engineering capacity is a great investment in the future engineering talent that will come from our own high schools, rather than importing engineers from other states. Engineers trained in Alaska are exposed to designing for the Arctic engineering impacts. They are also used to living in our Alaska conditions and typically will remain as they enjoy our living environment. This is a big benefit for not only our students, but for companies hiring engineers in Alaska.

I understand the need to budget at more realistic levels in this environment of declining production and revenue to the State, but when we get our oil and gas fiscal policy changed to again attract investment, we will want the increased level of engineering jobs to be filled by Alaska educated engineers, not those imported from outside the State.

In closing, I am also here on behalf of my grandsons, who represent the future of our State, and who will need to pick a college in 11 and 14 years from now. If they chose engineering, I want to be proud to tell them that they can't beat the programs at UAA or UAF.

THANK YOU for your work and please consider including \$10 million in the FY16 capital budget to continue the construction of this important and necessary facility.

Very Truly Yours,

A handwritten signature in black ink, appearing to read "Peter J. Stokes". The signature is written in a cursive, flowing style.

Peter J. Stokes