

**ALASKA STATE LEGISLATURE**  
**HOUSE TRANSPORTATION STANDING COMMITTEE**

April 24, 2001

1:17 p.m.

**MEMBERS PRESENT**

Representative Vic Kohring, Chair  
Representative Beverly Masek, Vice Chair  
Representative Drew Scalzi  
Representative Peggy Wilson  
Representative Albert Kookesh

**MEMBERS ABSENT**

Representative Scott Ogan  
Representative Mary Kapsner

**COMMITTEE CALENDAR**

HOUSE JOINT RESOLUTION NO. 28

Supporting the application of Alaska Airlines to provide air service to Ronald Reagan Washington National Airport.

- MOVED HJR 28 OUT OF COMMITTEE

SENATE BILL NO. 88

"An Act relating to metropolitan planning organizations and to establishment of a metropolitan planning organization for the Anchorage metropolitan area; and providing for an effective date."

- MOVED SB 88 OUT OF COMMITTEE

CS FOR SENATE BILL NO. 123(FIN)

"An Act relating to the program of federally funded construction projects of the Alaska Railroad Corporation."

- MOVED CSSB 123(FIN) OUT OF COMMITTEE

HOUSE BILL NO. 241

"An Act relating to a railroad utility corridor for extension of the Alaska Railroad to Canada and to extension of the Alaska Railroad to Whitehorse, Yukon Territory, Canada."

- MOVED HB 241 OUT OF COMMITTEE

**PREVIOUS ACTION**

BILL: HJR 28

SHORT TITLE:ALASKA AIRLINES SERVICE TO WASHINGTON DC

SPONSOR(S): RLS

Jrn-Date	Jrn-Page		Action
04/19/01	1068	(H)	READ THE FIRST TIME - REFERRALS
04/19/01	1068	(H)	TRA
04/24/01		(H)	TRA AT 1:00 PM CAPITOL 17

BILL: SB 88

SHORT TITLE:METROPOLITAN PLANNING ORGANIZATIONS

SPONSOR(S): SENATOR(S) PHILLIPS

Jrn-Date	Jrn-Page		Action
02/13/01	0356	(S)	READ THE FIRST TIME - REFERRALS
02/13/01	0356	(S)	TRA, CRA, FIN
02/20/01		(S)	TRA AT 1:30 PM BUTROVICH 205
02/20/01		(S)	Moved Out of Committee
02/20/01		(S)	MINUTE(TRA)
02/21/01	0451	(S)	TRA RPT 3DP 1DNP 1AM
02/21/01	0451	(S)	DP: COWDERY, WARD, WILKEN; DNP: ELTON;
02/21/01	0451	(S)	AM: TAYLOR
02/21/01	0451	(S)	FN1: ZERO(DOT)
03/07/01		(S)	CRA AT 1:30 PM FAHRENKAMP 203
03/07/01		(S)	Moved Out of Committee
03/07/01		(S)	MINUTE(CRA)
03/09/01	0596	(S)	CRA RPT 2DP 1NR
03/09/01	0596	(S)	DP: TORGERSON, PHILLIPS; NR: AUSTERMAN
03/09/01	0596	(S)	FN1: ZERO(DOT)
03/22/01		(S)	FIN AT 9:00 AM SENATE FINANCE 532
03/26/01		(S)	FIN AT 6:00 PM SENATE FINANCE 532
03/26/01		(S)	Moved Out of Committee
03/26/01		(S)	MINUTE(FIN)
03/27/01	0819	(S)	FIN RPT 3DP 2DNP 2NR
03/27/01	0819	(S)	DP: DONLEY, GREEN, LEMAN;
03/27/01	0819	(S)	NR: KELLY, WILKEN; DNP: HOFFMAN, OLSON
03/27/01	0819	(S)	FN1: ZERO(DOT)
04/04/01	0933	(S)	RULES TO CALENDAR 1OR 4/4/01

04/04/01	0943	(S)	READ THE SECOND TIME
04/04/01	0944	(S)	ADVANCED TO THIRD READING UNAN CONSENT
04/04/01	0944	(S)	READ THE THIRD TIME SB 88
04/04/01	0944	(S)	PASSED Y15 N4 E1
04/04/01	0944	(S)	EFFECTIVE DATE(S) SAME AS PASSAGE
04/04/01	0944	(S)	OLSON NOTICE OF RECONSIDERATION
04/04/01		(S)	RLS AT 10:45 AM FAHRENKAMP 203
04/04/01		(S)	MINUTE(RLS)
04/05/01	0960	(S)	RECON TAKEN UP - IN THIRD READING
04/05/01	0961	(S)	PASSED ON RECONSIDERATION Y12 N7 E1
04/05/01	0961	(S)	EFFECTIVE DATE(S) Y19 N- E1
04/05/01	0962	(S)	TRANSMITTED TO (H)
04/05/01	0962	(S)	VERSION: SB 88
04/06/01	0875	(H)	READ THE FIRST TIME - REFERRALS
04/06/01	0875	(H)	TRA, CRA
04/17/01		(H)	TRA AT 1:00 PM CAPITOL 17
04/17/01		(H)	Heard & Held
04/17/01		(H)	MINUTE(TRA)
04/19/01		(H)	TRA AT 1:00 PM CAPITOL 124
04/19/01		(H)	Heard & Held MINUTE(TRA)
04/24/01		(H)	TRA AT 1:00 PM CAPITOL 17

BILL: SB 123

SHORT TITLE:FEDERALLY FUNDED PROJECTS OF RAILROAD  
SPONSOR(S): SENATOR(S) PEARCE

Jrn-Date	Jrn-Page		Action
03/01/01	0557	(S)	READ THE FIRST TIME - REFERRALS
03/01/01	0557	(S)	TRA, FIN
03/22/01		(S)	TRA AT 1:30 PM BUTROVICH 205
03/22/01		(S)	Moved CS(TRA) Out of Committee
03/22/01		(S)	MINUTE(TRA)
03/23/01	0783	(S)	TRA RPT CS 1DP 2NR NEW TITLE
03/23/01	0783	(S)	DP: COWDERY; NR: TAYLOR, ELTON
03/23/01	0783	(S)	FN1: ZERO(CED)
03/28/01		(S)	FIN AT 9:00 AM SENATE FINANCE

			532
03/28/01		(S)	Scheduled But Not Heard
04/05/01		(S)	FIN AT 9:00 AM SENATE FINANCE 532
04/05/01		(S)	Scheduled But Not Heard
04/12/01	1091	(S)	FIN RPT CS 3DP 4NR NEW TITLE
04/12/01	1091	(S)	DP: KELLY, AUSTERMAN, LEMAN; NR: GREEN,
04/12/01	1091	(S)	WILKEN, OLSON, WARD
04/12/01	1091	(S)	FN1: ZERO(CED)
04/12/01		(S)	FIN AT 9:00 AM SENATE FINANCE 532
04/12/01		(S)	Moved Out of Committee
04/12/01		(S)	MINUTE(FIN)
04/17/01		(S)	RLS AT 10:45 AM FAHRENKAMP 203
04/18/01	1162	(S)	RULES TO CALENDAR 4/18/01
04/18/01	1163	(S)	READ THE SECOND TIME
04/18/01	1163	(S)	FIN CS ADOPTED UNAN CONSENT
04/18/01	1163	(S)	ADVANCED TO THIRD READING UNAN CONSENT
04/18/01	1164	(S)	READ THE THIRD TIME CSSB 123(FIN)
04/18/01	1164	(S)	AM NO 1 (TITLE AM) ADOPTED UNAN CONSENT
04/18/01	1164	(S)	PASSED Y14 N5 E1
04/18/01	1164	(S)	ELLIS NOTICE OF RECONSIDERATION
04/18/01	1182	(S)	VERSION: CSSB 123(FIN)
04/18/01		(S)	RLS AT 10:45 AM FAHRENKAMP 203
04/18/01		(S)	MINUTE(RLS)
04/19/01	1181	(S)	RECON TAKEN UP - IN THIRD READING
04/19/01	1181	(S)	RESCIND ACTION ADOPTING AM 1 Y17 N2 E1
04/19/01	1181	(S)	AM NO 1 (TITLE AM) WITHDRAWN
04/19/01	1182	(S)	PASSED ON RECONSIDERATION Y15 N4 E1
04/19/01	1182	(S)	TRANSMITTED TO (H)
04/20/01	1082	(H)	READ THE FIRST TIME - REFERRALS
04/20/01	1082	(H)	TRA, FIN
04/24/01	1182	(H)	CROSS SPONSOR(S): ROKEBERG
04/24/01		(H)	TRA AT 1:00 PM CAPITOL 17

BILL: HB 241

SHORT TITLE:RAIL AND UTILITY CORRIDOR TO CANADA  
SPONSOR(S): REPRESENTATIVE(S)JAMES

Jrn-Date	Jrn-Page		Action
04/10/01	0929	(H)	READ THE FIRST TIME - REFERRALS
04/10/01	0929	(H)	TRA, RES
04/24/01	1181	(H)	COSPONSOR(S): MCGUIRE, KOHRING, SCALZI,
04/24/01	1181	(H)	WILSON
04/24/01		(H)	TRA AT 1:00 PM CAPITOL 17

**WITNESS REGISTER**

DENISE HENDERSON, Staff  
to Representative Pete Kott  
Alaska State Legislature  
Capitol Building, Room 204  
Juneau, Alaska 99801

POSITION STATEMENT: Presented HJR 28 on behalf of the House  
Rules Standing Committee, sponsor.

KIM HUTCHINSON (ph)  
Alaska Airlines  
(No address provided)

POSITION STATEMENT: Testified on HJR 28.

SENATOR RANDY PHILLIPS  
Alaska State Legislature  
Capitol Building, Room 103  
Juneau, Alaska 99801

POSITION STATEMENT: Testified as sponsor of SB 88.

KRISTY TIBBLES, Staff  
to Senator Drue Pearce  
Alaska State Legislature  
Capitol Building, Room 119  
Juneau, Alaska 99801

POSITION STATEMENT: Testified on behalf of Senator Pearce,  
sponsor of SB 123.

JOSEPH FIELDS  
Fairbanks Chamber of Commerce  
Transportation Committee  
PO Box 71047  
Fairbanks, Alaska 99707

POSITION STATEMENT: Testified in opposition to SB 123.

WENDY LINDSKOOG  
Alaska Railroad Corporation  
PO Box 107500  
Anchorage, Alaska 99510  
POSITION STATEMENT: Testified on SB 123.

REPRESENTATIVE JEANNETTE JAMES  
Alaska State Legislature  
Capitol Building, Room 214  
Juneau, Alaska 99801  
POSITION STATEMENT: Testified on SB 123.

REPRESENTATIVE ANDREW HALCRO  
Alaska State Legislature  
Capitol Building, Room 414  
Juneau, Alaska 99801  
POSITION STATEMENT: Testified on SB 123.

SENATOR DRUE PEARCE  
Alaska State Legislature  
Capitol Building, Room 103  
Juneau, Alaska 99801  
POSITION STATEMENT: Testified as sponsor of SB 123.

EILEEN REILLY  
Alaska Railroad Corporation  
6210 West Tree Drive  
Anchorage, Alaska 99516  
POSITION STATEMENT: Testified on SB 123.

RICHARD SCHMITZ, Staff  
to Representative Jeannette James  
Alaska State Legislature  
Capitol Building, Room 214  
Juneau, Alaska 99801  
POSITION STATEMENT: Testified on behalf of Representative  
James, sponsor of HB 241.

**ACTION NARRATIVE**

TAPE 01-32, SIDE A  
Number 0001

CHAIR VIC KOHRING called the House Transportation Standing  
Committee meeting to order at 1:17 p.m. Members present at the

call to order were Representatives Kohring, Scalzi, Wilson, Masek, and Kookesh.

HJR 28-ALASKA AIRLINES SERVICE TO WASHINGTON DC

CHAIR KOHRING announced that the first order of business would be HOUSE JOINT RESOLUTION NO. 28, Supporting the application of Alaska Airlines to provide air service to Ronald Reagan Washington National Airport.

Number 0096

DENISE HENDERSON, Staff to Representative Pete Kott, Alaska State Legislature, came forth to present HJR 28 on behalf of the House Rules Standing Committee, sponsor. She explained that HJR 28 asks the Alaska State Legislature to support Alaska Airlines in securing a slot at the Ronald Reagan Airport in Washington, D.C., in order to provide service from Anchorage.

CHAIR KOHRING asked whether the federal Department of Transportation has control as far as doling out gates at national airports.

MS. HENDERSON answered in the affirmative.

CHAIR KOHRING asked why the state should request that preference be given to a certain business as opposed to opening the airport up for other carriers as well.

MS. HENDERSON responded that on April 5, 2000, Congress enacted the William H. Ford Aviation Investment and Reform Act, which stated that new entrance carriers and carriers serving the smaller and medium-sized cities should be given allocation preference. At that time there were 12 open slots. This Act is trying to expand services for the smaller and medium-sized carriers.

Number 0299

REPRESENTATIVE KOOKESH remarked that he would be more concerned if there were a competing airline in Alaska; since there isn't, he believes [the committee] should be supportive.

REPRESENTATIVE SCALZI asked Ms. Henderson whether there is a plan for this to be a direct flight, and if not, whether there are slots at other airports.

MS. HENDERSON offered her understanding that in case Alaska Airlines acquires the slot, it is working on a flight plan so that [passengers] would fly out of Anchorage, have one change in Seattle, and then fly nonstop to Washington, D.C.

REPRESENTATIVE WILSON remarked that she thinks it would be a wonderful advantage for Alaskans if this were to come about.

Number 0458

REPRESENTATIVE MASEK referred to page 2, line 7, and read:

**WHEREAS** Alaska Airlines best serves the public interest in the District of Columbia airport market with a proposal to provide the first and only service between Anchorage and Seattle and then nonstop service to the Ronald Reagan Washington National Airport;

REPRESENTATIVE MASEK offered her belief that it would be a good market for Alaska and for people in the state who could get direct flights from Seattle to Washington, D.C. She said she is speaking in support because she knows how terrible it is to change planes all the time.

REPRESENTATIVE WILSON commented that she is amazed at how many times people in her district [Wrangell] fly to Washington, D.C.

CHAIR KOHRING asked how badly Alaska Airlines wants this.

Number 0655

KIM HUTCHINSON (ph), Alaska Airlines, came forth to testify on HJR 28. He stated that [Alaska Airlines] has made application already, and is interested in these two slots. He noted that the resolution helps, but he doesn't think it is vital in the application.

CHAIR KOHRING expressed concern about the market issue and whether it is proper for a government entity in Alaska to attempt to dictate how it would like the market [to be].

MR. HUTCHINSON responded that he doesn't think there are any other carriers Alaska Airlines' size that have applied for this. Further, he said there are no other airlines that serve Alaska; therefore, the State of Alaska wouldn't have any interest, for example, in pushing Southwest [Airlines].

Number 0768

REPRESENTATIVE WILSON moved to report HJR 28 out of committee with individual recommendations. There being no objection, HJR 28 was reported from the House Transportation Standing Committee.

SB 88-METROPOLITAN PLANNING ORGANIZATIONS

CHAIR KOHRING announced that the next order of business would be SENATE BILL NO. 88, "An Act relating to metropolitan planning organizations and to establishment of a metropolitan planning organization for the Anchorage metropolitan area; and providing for an effective date."

SENATOR RANDY PHILLIPS, Alaska State Legislature, came forth as sponsor of SB 88. He explained that this bill adds one member from the House and one member from the Senate, both from the Anchorage area, to the AMATS (Anchorage Metropolitan Area Transportation Study) policy committee. The policy committee sets up the priorities for various projects to be funded with both state and federal funds. The rationale behind having two members is that legislators should be at the table in setting up these priorities, rather than having two non-elected officials and three locally elected officials.

REPRESENTATIVE SCALZI stated that from previous testimony he came to the understanding that the AMATS board has the ability to appoint other members if it chooses to do so. He asked whether [AMATS] has been contacted by anyone in the legislature requesting the addition of legislators to the board.

SENATOR PHILLIPS answered that [AMATS] has been pretty resistant to [the legislation]. He added that [SB 88] is the formal request.

Number 0981

REPRESENTATIVE MASEK referred to a resolution in the committee packets indicating the municipal assembly opposes this bill. She asked how this would affect areas such as Fairbanks.

SENATOR PHILLIPS responded that Fairbanks doesn't have [a board structure like this] yet. He remarked that he doesn't know how this would affect Fairbanks.

REPRESENTATIVE MASEK asked Senator Phillips why he is introducing the bill. She said it looks as though he wants more local control; however, the mayor of Anchorage and two assembly members are already on the board. She mentioned the legislative process for appropriating money to the DOT&PF (Department of Transportation & Public Facilities) to take care of road construction projects. She also noted that whenever a new mayor is elected, it is by the majority of the [voters]. She asked Senator Phillips why he doesn't think legislators have control over these types of issues that fund DOT&PF to do the job.

SENATOR PHILLIPS first offered his understanding that Mayor Wuerch of Anchorage supports [SB 88]. He then stated:

The reason for it, Representative Masek, is that you as a legislator right now represent the [Matanuska-Susitna] area and deal directly with [DOT&PF]. ... My particular situation is, when they change that priority list, ... you call the commissioner [and] the commissioner says you [have] got to go back to AMATS. ... And frankly, there's no recourse. ...

What happens at the end of this process ... [is that] you come up with a list of things, and all they say is, "Cut me a check; it's all or nothing." There's no ability to change the priorities, at least [not] directly. ... What I'm trying to do is get direct representation from the state legislature on this policy board so that our constituents can be heard. And if the policy committee wants to make any changes in the priority list, which they have numerous times, ... at least I'm totally responsible to my constituents at that point in time.

Number 1304

REPRESENTATIVE MASEK referred to the resolution from the Anchorage Municipal Assembly [in the committee packets], lines 28 to 30, and she read:

WHEREAS, the action to change the AMATS process entered into unilaterally by the State of Alaska could endanger federal highway funding for Anchorage, which is intended to be handled cooperatively between the Municipality and the State;

REPRESENTATIVE MASEK asked Senator Phillips to comment on that.

SENATOR PHILLIPS responded that in the committee packets there should be a letter from the Federal Highway Administration affirming that state legislators are allowed on the policy committee. The State of Hawaii has a very similar process. There have been arguments made against this because of the dual-office shift by a House or Senate member. He noted that one example of this in [Alaska] is the student loan commission.

REPRESENTATIVE MASEK remarked that if this were to become law, another concern would be how the legislators would have the ability to participate while working in [Juneau].

SENATOR PHILLIPS replied that he doesn't think time and place are that difficult to rearrange.

Number 1447

REPRESENTATIVE WILSON asked Senator Phillips whether his constituents want one thing, but the people who are doing the planning for Anchorage don't agree with those constituents. In addition, she asked whether he wants to be on the board in order to have some leverage.

SENATOR PHILLIPS responded:

There is a technical committee that makes recommendations to the policy committee, just like our bureaucracy makes recommendations to us. ... What I'm saying is that sometimes they make these decisions in switching the projects and delaying the projects [and] it's too late. ... Having a legislator who is affected by this can bring a different perspective. If we're going to appropriate the dollars, I want to at least be held accountable for the actions. Right now, we're not held accountable for the actions because there's nothing to be accountable [for], other than giving the money.

So, the policy [committee] makes a decision on a particular project, constituents get mad, they beat up the legislator that they think should be responsible, yet I have no ability. ... We get to appropriate the dollars in this legislation; I think we ought to have some say about it. ... My primary concern is not to

tell them what to do. it's a complement to them or added feature that they may not see.

Number 1628

REPRESENTATIVE KOOKESH remarked that he is uncomfortable with the bill. He asked Senator Phillips what would happen if the governor appointed two people the Senator did not like. Furthermore, he asked whether two new people would be added the following year.

SENATOR PHILLIPS responded that right now the legislator is not even "on the table" and yet [the legislature] has to appropriate.

REPRESENTATIVE KOOKESH concurred and said he thinks that is the job [of the legislature].

REPRESENTATIVE SCALZI asked Senator Phillips whether he had been to any of the meetings.

SENATOR PHILLIPS answered that he has participated, but since he has a job during the interim, he always has his staff person attend. He noted that he has gone when the meeting has been canceled or moved.

REPRESENTATIVE SCALZI asked Senator Phillips whether, when he'd attended, he thought the process was productive and the citizens were being represented.

Number 1730

SENATOR PHILLIPS responded that overall he did.

REPRESENTATIVE SCALZI pointed out that being a participant is currently an option.

SENATOR PHILLIPS replied that the dynamics really change when there is a standing member of the House and the Senate sitting on the policy committee.

REPRESENTATIVE SCALZI asked whether that is to the benefit of the citizens of the municipality or to the legislature.

SENATOR PHILLIPS answered that it benefits the citizens. He pointed out that he is not seeking to be on the policy committee.

Number 1791

REPRESENTATIVE WILSON asked where the other Anchorage Representatives and Senators stand on this.

SENATOR PHILLIPS responded that of the nine state Senators from the Anchorage area, eight voted for the bill. Obviously, he said, there is some dissatisfaction on the process itself.

CHAIR KOHRING said he would like to get some direction from the committee on whether they would like to pass the bill out.

REPRESENTATIVE SCALZI remarked that he would feel comfortable moving the bill out of committee; however, he would not recommend its passage because he has reservations about several things. One is the makeup of the design, which says the body has to be the one to appoint new members. The other is that legislators already have the ability to attend those meetings and get input from citizens.

CHAIR KOHRING noted that the bill had a subsequent committee referral, the House Community and Regional Affairs Standing Committee.

REPRESENTATIVE WILSON remarked that she had some reservations, but believed it should move out.

Number 1925

REPRESENTATIVE WILSON moved to report SB 88 out of committee with individual recommendations and the accompanying zero fiscal note. There being no objection, SB 88 was reported from the House Transportation Standing Committee.

SB 123-FEDERALLY FUNDED PROJECTS OF RAILROAD

CHAIR KOHRING announced that the next order of business would be CS FOR SENATE BILL NO. 123(FIN), "An Act relating to the program of federally funded construction projects of the Alaska Railroad Corporation."

KRISTY TIBBLES, Staff to Senator Drue Pearce, Alaska State Legislature, came forth on behalf of Senator Pearce, sponsor of SB 123. She stated:

Senate Bill 123 requires the Alaska Railroad Corporation to obtain legislative approval for their Program of Projects, which is a list of federally funded projects required by the FTA [Federal Transit Administration] and the Federal Highway Administration. The committee substitute for SB 123 represents a collaborative effort with the Alaska Railroad Corporation [ARRC], which will require approval for major construction projects that would impact our communities, while excluding regular maintenance projects, minor construction and realignment projects, and projects outside of communities that are entirely on federal land.

Senate Bill 123 will require the ARRC board of directors to present their Program of Projects to the legislature on the first day of every regular session. The Program of Projects will then be referred to both the Senate and House finance committees for review, and the legislature may disapprove of any project by law during the first 60 days of the session. Failure of the legislature to disapprove by law is approval for the expenditure of the funds.

Senate Bill 123 was introduced in response to the Alaska Railroad Corporation's multimillion-dollar rail station project at the Ted Stevens International Airport in Anchorage. Senator Pearce believes that requiring the Alaska Railroad Corporation to obtain legislative approval for future projects will better ensure that those Alaskan residents affected will be better informed and have the opportunity for a review process in a timely manner.

Number 2062

REPRESENTATIVE MASEK asked what changes had been made in the [Senate] committee substitute (CS).

MS. TIBBLES responded that the original version required the Alaska Railroad Corporation to pass a law in order to build facilities over \$10 million and for track realignment projects over a certain amount. It has been changed so that rather than [the corporation] passing the bill to get its projects done, it will present its projects to [the legislature], and if anyone disapproves, [the legislature] will have to introduce a bill to stop the project. She added that Senator Pearce believes it

will take an outcry by the public to stop a project; however, her intent is to have more public review.

Number 2130

JOSEPH FIELDS, Fairbanks Chamber of Commerce, Transportation Committee, testified via teleconference. He stated that [the Fairbanks Chamber of Commerce] has been in opposition to SB 123 all along. He said they have some concerns about whether the Alaska Railroad [Corporation] is an independent organization of the state or is an agency. He stated:

There's probably a lot to be said about the concern the people have over projects developing without overview by the public, but I think in ... most of the cases we've seen, including the airport project in Anchorage, they've had a substantial amount of information available for a quite a long time in the public.

The last several months there [have] been many, many meetings over realignment in Fairbanks. We're concerned about that kind of a project. We're concerned about the timing in this bill, and how long it would take to get support for federal funding, which is available at specific times and not available on a scheduled (indisc.) legislature necessarily.

I believe the railroad has a good operation, and they have responded, I think, properly to the concerns about public notice and public information, and they're continuing to improve their position on a regular basis. We have a new CEO [Chief Executive Officer] of the railroad who has a background in operations that will be conducive to the public knowing more about what's going on. So I would strongly urge you to either vote against this bill or in any way not to move it forward. The Chamber of Commerce transportation committee ... wrote a resolution in that regard.

Number 2195

REPRESENTATIVE KOOKESH asked Mr. Fields whether the railroad receives any state funds for projects.

MR. FIELDS responded he doesn't believe it has received any since first becoming a corporation of the state. He added that he doesn't believe it has any matching funds.

REPRESENTATIVE KOOKESH said that is what he understood, and he doesn't know why the legislature would want to bring a new "animal into our midst when we barely can manage those animals we have now." He said he doesn't see why this is a needed Act.

Number 2253

WENDY LINDSKOOG, Alaska Railroad Corporation (ARRC), came forth to testify on SB 123. She clarified that ARRC does not receive any state funding for its matching money; it is all done through its internal funds.

REPRESENTATIVE WILSON asked Ms. Lindskoog where the ARRC stands on this bill.

MS. LINDSKOOG offered that if ARRC really had its choice, it would not like to see the legislation passed. She added that Senator Pearce has worked closely with ARRC on this legislation, and at this point it is a bill that ARRC can live with. She said Senator Pearce has taken out many of the concerns in terms of basic maintenance, maintenance facilities, repairs of bridges, emergency repairs, rolling stock, signalization, and a number of other crucial railroad functions. With those exempted, this bill really deals with the "megaprojects": facilities over \$5 million and realignments over \$10 million. She noted that ARRC would like a better level of coordination between the railroad and the legislature so that everyone is better informed.

Number 2339

REPRESENTATIVE JEANNETTE JAMES, Alaska State Legislature, came forth and stated that she understands why this bill is before the committee. She said it is partly because of the failure of the railroad to be as open as it should be; however, she doesn't necessarily believe this legislation fixes that. She added that the people she represents in Fairbanks are opposed to this. Representative James said she thinks it would be wise if the ARRC made a yearly presentation to the legislature on what it is planning to do and what its parameters are. The only problem with this, she said, is the 60-day requirement whereby [the legislature] can say no to the project.

REPRESENTATIVE JAMES asked when ARRC gets the permission [to do a project]. She said there was some indication this may be a deterrent for getting federal money for different projects. She pointed out that she agrees that the railroad has an obligation to keep the communities fully informed; however, she thinks those decisions should be made at the local level. She added that she would not want to wait a whole year if something came up. She noted that she has had several pieces of legislation that authorize delineation of a [rail] corridor from Fairbanks to the Seward Peninsula.

TAPE 01-32, SIDE B

[A short section was indiscernible due to tape malfunction.]

Number 2441

CHAIR KOHRING remarked that he shares Representative James' sentiments, and is not sure [the legislature] needs to rush the passage of this legislation. He stated that he would call having the legislature coming in and getting involved in this process "micromanagement." He noted that he would prefer a recommendation by the legislature to ARRC that it be more cognizant of the concerns of the public.

REPRESENTATIVE ANDREW HALCRO, Alaska State Legislature, came forth and stated that there have been several good points brought up in the testimony. He noted that [Mr. Fields] had said there has been a tremendous amount of information that has been available for a while. Representative Halcro remarked that information is good, but to have the ability to effect change is a separate issue. He remarked that this project is particularly frustrating for him. He shared:

I was elected in November of 1998. The next month, in December, I got an invitation to join former Governor Sheffield for lunch to talk about railroad issues, because at that time I was vice chair of the [House] Transportation Committee through our organization meeting.

So I had lunch with [former] Governor Sheffield one afternoon, and we talked about a wide range of things, and then the subject came up of this airport rail station. ... And I said to him, ... "Governor, I think this is probably one of the worst ideas I've ever heard." I said, "I have spent my entire life working

at the Anchorage International Airport, ... and I see no reason why you should spend \$28 million in taxpayers' money building this thing. It's not going to be used ... and it's going to take up needed space."

And he said, "No, no, no. 8,000 people work at the Anchorage airport; people are going to love this thing; it's going to be great."

And I said to him, "OK, so where are you now?"

And he said, "Well, right now we're in the feasibility study. We're going to get a contract to create this feasibility study, and then we're going to make a determination from there."

And I said, "Governor, if the feasibility study comes back and it shows that this is a questionable value and will be of questionable use, what is your plan?"

And he said, "Well, we're going to consider that." He certainly didn't tell me that if the report came back and said that this project would be underutilized and not needed ... it wouldn't be built; he didn't really give a commitment.

Number 2284

REPRESENTATIVE HALCRO continued:

... Seven months later, in July of 1999, Northern Economics released their market analysis, which is a fairly lengthy piece of information. Part of my discussion at lunch with Governor Sheffield was his assertion that 8,000 people work at the airport. And I said, "You're absolutely right, Governor: I'm one of them. But I don't work at the terminal. So tell me, if I'm going to take this train to the airport and I get to the terminal, how do I get to my office, which is about a mile and a half from the terminal?" ... Well, he didn't have an answer.

So when the study came out in July of 1999, certainly, a number of my concerns that I voiced to former Governor Sheffield were put in print. For instance, Mr. Chair, a quote here, "The consultant team does not

think a study that was done in 1996 or data from the People Mover justify a targeted commuter service for airport employees in the near future. Airport employees travel to and from the airport at different times and live in many different areas, suggesting that ridership on any commuter line would be low at any given point in time" - thus proving my assertion at lunch that this wouldn't be used.

Number 2206

REPRESENTATIVE HALCRO continued:

As a matter of fact, Mr. Chair, about four years ago People Mover reinstated service to the airport, and everybody thought it would be wonderful - the tourists will use it, the employees will use it. Well, that route in the Anchorage People Mover service has the lowest ridership of any route in the People Mover service. According to the report, [it] proves that mass transit is not conducive to those that work at the airport. ...

I sent a two-page letter addressed on my company letterhead to the company that put out this proposal and I gave them my comments. I raised many questions, saying that this market analysis raises more questions than it gives you answers. ... If anything, this document says that this \$28 million project is a waste of money and will not be used. I submitted written comment. Nothing happened, [and the] project was approved and moved forward.

Number 2150

REPRESENTATIVE HALCRO continued:

So we have now, underway, a project that's going to build a \$28 million facility at the Ted Stevens International Airport that, even by their own admission, railroad officials can't tell you how they're going to utilize. A little over a year ago at this very table, when I sat where you sit now, Mr. Chair, I had an overview on this proposal. And I had a representative from the railroad sitting in this very chair, and I looked down the table at him and I said, "Your report here says that by the year 2004,

80,000 local residents are going to use this train to get to the airport. Where are these people going to come from?" And you know what his answer was, Mr. Chair? "I don't know."

... Once again, his answers shed no more light on the feasibility of this ... project than this report, and I think it highlighted the frustration that with the \$28 million taxpayer project, the legislature had no oversight. ... My constituents, this summer, came to me and complained [and] said, "Why are we building this?" You know what my response was? "Well, I sent a pretty tersely written letter when they had public comment period." ...

Certainly, with our congressional representation and the money that's available for transportation projects, the railroad is going to have access to all kinds of dollars. In my community, my district is not the last that will have one of these projects built within the boundaries. And I think it's completely fair for the legislature to have the ability to say, "Wait a minute, ... have you done your homework?"

... I wrote a ... piece in the Anchorage Daily News - it was published, actually, on January 1 this year - that outlined how I thought that this project was poorly conceived and a waste of money. I got an e-mail from a gentleman who had just retired from the Department of Transportation, who said that while they were shuffling this project through the public process through the permitting process, ... he has never seen anything like it in his entire career at [DOT&PF]. He said there was no public input. He said this thing was on the fast track from day one.

Number 2062

REPRESENTATIVE HALCRO went on to say:

Now, after ... the main focus of the project has already been approved and is proceeding forward, ... the railroad is talking about realigning tracks that approach the airport - to make accommodations for these rail cars. Now, what you have is suddenly a project that just at the airport is expanding to area neighborhoods, and the neighbors themselves say they

feel that they don't have any say in the matter. And so I think there is a huge gap between ... the railroad having the ability to proceed on a project, ... because it's completely [federally funded], and the mandate that they have some kind of legislative approval.

... Certainly, I think there's been a great deal of compromise that's gone on. And I think the bill now allows us to be defensive rather than offensive. ... I don't think that this is going to hinder the railroad's ability to come up with a list of capital improvement projects and fund those projects. ... I think that this can work within the timeframe that the railroad needs, and I don't think it's too much to ask.

Number 1857

CHAIR KOHRING remarked that he needs to hear more justifying reasons from the sponsor and those who advocate this legislation.

SENATOR DRUE PEARCE, Alaska State Legislature, came forth as sponsor of SB 123. She stated:

Back when the transfer of the railroad from the federal government to the state government took place, the folks in the legislature at the time worked to make the railroad as autonomous as possible. We have seen some good things come of that. Those of us who have been in the legislature for a long time have seen some things that perhaps weren't so great. I will remind you that this is an asset that's owned by all the people of the state. Each of you are shareholders in the Alaska Railroad, ... in their successes and their less stellar moments.

... The railroad is not under the Executive Budget Act. ... It is the most autonomous of the corporations of the state. I personally believe that over the years the railroad has used ... its unique status to its advantage. ... I can't fault them for that, but I do know that at times, over the years, when it serves them well to be state agencies - i.e., not having to pay property taxes in the local communities and not having to go through some of the processes as a

private entity would do - they certainly put on that public hat and (indisc.) it down the road of not paying taxes. On the other hand, when it has behooved them to be private entities - i.e., when they wanted to hold their rates and fees secret and not even share them with the legislature - they've ridden that horse.

... I don't blame them for any of that, but I do question some of the decisions that have been made in terms of the expansion in buildings that have been done at the railroad. Over the years, there have been a number of audits done [on the] previous chairman of the railroad corporation, previous presidents of the railroad, previous board members. But we've had a number of times where the legislature has questioned some the buildings [and] some of the business practices of the railroad, and our auditors have found that, indeed, we had good reason to question those efforts.

Number 1702

SENATOR PEARCE continued, stating:

... Let me come to the project at hand, that being the Anchorage airport project. We spent upwards of \$28 million, with another perhaps \$18 million to go to elevate the rail through my district to get to this terminal - which at present isn't going to attach to anything because the airport project has its own problems - ... without ever having a single hearing in the state of Alaska where Alaskans could say whether or not they wanted this project - not at the state level, not at the local level. But these are federal dollars. What the bill calls for [is] the railroad has to present to the federal government each year a Program for Progress. It's much like the STIP [Statewide Transportation Improvement Program] in a lot of respects.

We're asking that that Program of Progress be brought to the legislature each year so the federally funded projects, most of which have to be matched ... by the railroad, which is state money, ... are approved unless the legislature actually takes action by law to disapprove the project. ... [Therefore], ... there is someplace in the state where Alaskans who believe that

a project should not go forward have an opportunity to an elected body to say so, if it is a federally funded project.

I believe in the future that the railroad may well have to come to the legislature for matching funds on some of their projects anyway, because some of the things they're looking at in the future are going to cost tens and even hundreds of millions [of] dollars. ... They've been lucky in that they've been able to match all of the projects out of their cash flow. That doesn't mean that's not state funds. I believe that \$26, \$28 million for this terminal - with an addition [of] perhaps as much as \$18 [million] taken out of the revenue stream - could definitely have been used better in other places. And I think the legislature would have acted, frankly, on this terminal project had we had an opportunity.

... They got the money; then they did a marketing analysis. The marketing analysis, as Representative Halcro said, is full of holes. ... We would have been better off to build a port facility in one of Representative Kookesh's cities than we are to build a hole in the ground. ... I've worked with the railroad. I'm not going to sit here and say that they like the bill, because obviously they'd rather continue doing business as they always have. On the other hand, they do admit that this project was ill-conceived and that there was no real process whereby anybody in Alaska ever got to say, "We don't want this." ...

Number 1489

SENATOR PEARCE continued:

This bill does not allow one person to stop a project, because you have to pass a law. You've got to have 21 [Representatives] on this side, 11 [Senators] on our side, and [the] governor - who wouldn't veto it - before you could ever actually stop a project. So, it's a huge hurdle to go over, but it will force them to come before us.

And, Mr. Chairman, in terms of a memorandum of agreement, you can't really do one of those with the legislature. And because we have two board members

that are appointed by the governor and our commissioners ... allowed this project to go forward, I don't think a memorandum of agreement would be worth its weight in anything.

Furthermore, I believe this is a public corporation, and somewhere along the way their major projects that are using federal funds should have to come to an elected body for approval. This is one that fell through the cracks.

REPRESENTATIVE KOOKESH remarked that he seems to hear two different stories. He said he thought the person from the railroad had said that only projects above a certain dollar mark would come to the legislature, while Senator Pearce had said all the projects would.

SENATOR PEARCE responded that ARRC brings the program to [the legislature]; it is a federal document, but [the legislature] can only approve those over a certain amount.

Number 1375

REPRESENTATIVE MASEK stated that she could understand where Senator Pearce is coming from. She asked whether this bill would only allow the legislative body to get involved if they disagreed with the projects. She said it is not a bill that is meant to go over every project, and there are hardly any projects in the past that have had problems.

SENATOR PEARCE responded that over the years there have been a number of projects [with problems].

REPRESENTATIVE MASEK remarked that the legislature has not taken action on anything in the past. This would provide a vehicle to do so if there were troubles. She added that the federal budget comes out in the late fall; therefore, no project would be deterred because of the federal funding mechanism as the bill is written.

SENATOR PEARCE replied that this treats these projects the same as [the legislature] treats federal highway and airport projects in the budget. She noted that she couldn't find a project in [the federal] program where [the legislature] would have stopped construction.

REPRESENTATIVE MASEK stated that based on those comments, she thinks the intent of this bill is something that is needed, especially with the state's growth.

Number 1167

EILEEN REILLY, Alaska Railroad Corporation, testified via teleconference. She stated:

This [legislation] is something the railroad can live with, and I think Senator Pearce characterized correctly that it is probably something we'd rather not live with, but we certainly could. The exemptions are really important. There are some projects that we go into preliminary engineering without having the construction dollars that we phase in. When we see our federal funds in October, we build that following season. So it is important for us, and it would have an impact [to] not [be] able to go into construction until we have those construction dollars approved in October, have the legislature go through their process, and wait 60 days.

REPRESENTATIVE KOOKESH explained some of his concerns. First, he doesn't think either this legislature or ARRC needs another layer of bureaucracy. Second, he is concerned about the federal funding. And third, he is concerned that [the committee] hasn't heard from the railroad board; at the same time, however, he believes [the legislature] needs to develop a relationship with ARRC.

Number 0995

CHAIR KOHRING concurred with Representative Kookesh and stated that he thinks this is an extra layer of bureaucracy. He added that he thinks [the legislature] is rushing into this, and is "nipping at the heels" of the Executive Budget Act, which could lead to micromanaging.

REPRESENTATIVE MASEK remarked that this bill does apply to the exemption of ongoing projects. She stated that she thinks it is good policy for legislative leaders to ensure these huge projects, which may have a big impact on people in the state. She added that she doesn't see this as holding up any projects [for ARRC]. Rather, it is giving the legislative body the ability to act upon projects when and if needed.

REPRESENTATIVE SCALZI concurred. He stated that there is a lack of public oversight in a public entity.

Number 0718

REPRESENTATIVE WILSON moved to report CSSB 123(FIN) out of committee with individual recommendations and the accompanying zero fiscal note. There being no objection, CSSB 123(FIN) was reported from the House Transportation Standing Committee.

HB 241-RAIL AND UTILITY CORRIDOR TO CANADA

CHAIR KOHRING announced that the final order of business would be HOUSE BILL NO. 241, "An Act relating to a railroad utility corridor for extension of the Alaska Railroad to Canada and to extension of the Alaska Railroad to Whitehorse, Yukon Territory, Canada."

RICHARD SCHMITZ, Staff to Representative Jeannette James, Alaska State Legislature, came forth on behalf of Representative James, sponsor of HB 241. He stated:

Last legislative session, HJR 51 was passed, which ... was a resolution calling for the connection between the Lower 48 and Alaska by railroad. It would allow for tracks to go between, basically, Eielson Air Force base, where they are now, and Fort Nelson, B.C. [British Columbia].

This is something that Representative James has really believed in for a long time. In fact, the dream of having what we call the Last Transcontinental Railroad has been around since the Alaska Railroad was first constructed before the Second World War. And even at the turn of the century there was talk of building this railroad. It seems that today's infrastructure is a huge issue for building Alaska's economy.

... HB 241 will follow up on the resolution by actually having a piece of legislation that would basically authorize the Alaska Railroad to extend tracks from Eielson. And originally the idea was to go to the Canadian border. But there being nothing there but black spruce and lichen, it would authorize it to go all the way to Whitehorse, Yukon Territory, the idea being that the White Pass Railroad, which connects Skagway with Carcross ... pointed out that

the White Pass Railroad is really set up to expand from a narrow gauge to a standard gauge at some point in time in the future, and over the last few years the railroad has proved very successful.

At first, it just was back and forth on the dock with a little engine after it shut down when the mines closed down the Yukon. Then they started doing tourist runs a little bit up, and then they went to the Pass, and now they are going all the way to Carcross. ... So, some point in time in the future with a corridor there, there could be a connection right down to the port at Skagway, which could be a big benefit for building the gas line, for example, or the missile defense program.

We also heard yesterday ... about a proposal to have these big "super servers" up on the North Slope that would use natural gas, and they would have to have a fiber-optic cable that would come down. ... Well, part of this plan is to have a railroad utility corridor with fiber-optic cable going all the way down along it.

Number 0402

REPRESENTATIVE WILSON remarked that she is excited about this and thinks this will help Alaska in the long run. She said it would open up areas for economic development, especially in the mining area along the corridor where there are many minerals.

CHAIR KOHRING concurred with Representative Wilson.

REPRESENTATIVE MASEK referred to the fiscal note and read, "We assume the State land could be acquired for no cost." She asked, if there were any R.S. 2477 trails or other access routes, whether they would be protected.

Number 0288

REPRESENTATIVE JAMES responded that there is the EIS (Environmental Impact Statement) procedure in getting anything done. If there is an R.S. 2477 there to vacate, it would be a decision made by the state, not the railroad. The only time there would be a problem would be if [the corridor] were going the same direction as the railroad; however, it is right down

the highway. Had there been [a problem], she surmised that it would be negotiated according to the circumstances.

REPRESENTATIVE MASEK asked whether the R.S. 2477s and other access routes are protected for public access.

REPRESENTATIVE JAMES answered that she thinks they are automatically protected by the law. They would only be changed through some legal method, with public input.

TAPE 01-33, SIDE A  
Number 0025

REPRESENTATIVE JAMES remarked that it is a good possibility that if there is a connection from Alaska to the North American rail system, and if the rail system is moved through the Seward Peninsula near Nome and has a deep-water port in Norton Sound, [Alaska] could be a "throughput" for materials from Asia to Canada and the Lower 48; it would be easier, with the water transportation, to Alaska than to Seattle.

CHAIR KOHRING asked whether there is any opposition in Canada to the railroad extension.

REPRESENTATIVE JAMES responded that she is not aware of any. She has met with people in Vancouver, B.C.; Grand Perry (ph); and Calgary. Everyone is excited.

CHAIR KOHRING asked whether the closest point of the railroad in Canada to Alaska is Fort Nelson.

REPRESENTATIVE JAMES answered that Fort Nelson is one of the areas. She added that [Alaska] has not had any intense relationships with the First Nations people.

Number 0298

CHAIR KOHRING asked, "Where do we go from here, assuming that this passes the legislature?"

REPRESENTATIVE JAMES responded that this just opens the door for the railroad to something in the event that something is ready to be done. She noted that U.S. Senator Murkowski passed legislation last year that authorized a bilateral commission of 12 U.S. people and 12 Canadian people. The U.S. is just waiting for Canada to pass the same sort of legislation in its federal government. When that happens, there will be the appointment of

the 24 people, a \$6 million fiscal note from the U.S., and hopefully a similar fiscal note from the Canadians. This committee will be appointed to hire the folks needed to do the feasibility study.

CHAIR KOHRING asked what the distance in Alaska would be in comparison to that in Canada.

REPRESENTATIVE JAMES responded that it would be about 270 miles; it would be a lot farther on the Canadian side. Altogether, it is about 1,200 miles.

Number 0446

CHAIR KOHRING asked who pays what.

REPRESENTATIVE JAMES answered that she is not sure.

CHAIR KOHRING suggested privatizing the Alaskan leg of the railroad.

REPRESENTATIVE JAMES said she thinks that is a good possibility.

Number 0521

REPRESENTATIVE MASEK moved to report HB 241 out of committee with individual recommendations and the accompanying zero fiscal note. There being no objection, HB 241 was reported from the House Transportation Standing Committee.

#### **ADJOURNMENT**

There being no further business before the committee, the House Transportation Standing Committee meeting was adjourned at 2:59 p.m.