

ALASKA STATE LEGISLATURE
HOUSE TRANSPORTATION STANDING COMMITTEE

April 23, 2002

1:11 p.m.

MEMBERS PRESENT

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

MEMBERS ABSENT

Representative Scott Ogan

OTHER LEGISLATORS PRESENT

Representative Carl Morgan

COMMITTEE CALENDAR

HOUSE BILL NO. 523

"An Act naming the state airport at Dutch Harbor the Charles Thomas Madsen, Sr., Airport."

- MOVED CSHB 523(TRA) OUT OF COMMITTEE

SENATE BILL NO. 358

"An Act naming state ferries."

- MOVED SB 358 OUT OF COMMITTEE

HOUSE BILL NO. 502

"An Act relating to the designation of and funding for rustic roads and highways; and providing for an effective date."

- HEARD AND HELD

HOUSE BILL NO. 500

"An Act relating to the advance acquisition of real property for public purposes."

- HEARD AND HELD

PREVIOUS ACTION

BILL: HB 523

SHORT TITLE:MADSEN AIRPORT AT DUTCH HARBOR

SPONSOR(S): COMMUNITY & REGIONAL AFFAIRS

Jrn-Date	Jrn-Page		Action
04/19/02	3030	(H)	READ THE FIRST TIME - REFERRALS
04/19/02	3030	(H)	TRA
04/23/02		(H)	TRA AT 1:00 PM CAPITOL 17

BILL: SB 358

SHORT TITLE:NAMING STATE FERRIES

SPONSOR(S): RLS

Jrn-Date	Jrn-Page		Action
04/03/02	2610	(S)	READ THE FIRST TIME - REFERRALS
04/03/02	2610	(S)	TRA
04/09/02		(S)	TRA AT 1:30 PM BUTROVICH 205
04/09/02		(S)	Moved Out of Committee MINUTE(TRA)
04/10/02	2708	(S)	TRA RPT 4DP 1NR
04/10/02	2708	(S)	DP: COWDERY, WILKEN, ELTON, WARD;
04/10/02	2708	(S)	NR: TAYLOR
04/10/02	2708	(S)	FN1: ZERO(S.TRA)
04/11/02		(S)	RLS AT 10:30 AM FAHRENKAMP 203
04/11/02		(S)	MINUTE(RLS)
04/12/02	2751	(S)	RULES TO CALENDAR 4/12/02
04/12/02	2752	(S)	READ THE SECOND TIME
04/12/02	2752	(S)	ADVANCED TO THIRD READING UNAN CONSENT
04/12/02	2753	(S)	READ THE THIRD TIME SB 358
04/12/02	2753	(S)	PASSED Y19 N- E1
04/12/02	2754	(S)	TRANSMITTED TO (H)
04/12/02	2754	(S)	VERSION: SB 358
04/15/02	2923	(H)	READ THE FIRST TIME - REFERRALS
04/15/02	2923	(H)	TRA
04/23/02		(H)	TRA AT 1:00 PM CAPITOL 17

BILL: HB 502

SHORT TITLE:RUSTIC ROADS AND HIGHWAYS

SPONSOR(S): TRANSPORTATION

Jrn-Date	Jrn-Page		Action
02/27/02	2408	(H)	READ THE FIRST TIME - REFERRALS
02/27/02	2408	(H)	TRA, FIN
02/27/02	2408	(H)	REFERRED TO TRANSPORTATION
03/05/02		(H)	TRA AT 1:00 PM CAPITOL 17
03/05/02		(H)	Heard & Held
03/05/02		(H)	MINUTE(TRA)
03/05/02		(H)	MINUTE(TRA)
03/19/02		(H)	TRA AT 1:00 PM CAPITOL 17
03/19/02		(H)	Heard & Held
03/19/02		(H)	MINUTE(TRA)
03/26/02		(H)	TRA AT 1:30 PM CAPITOL 17
03/26/02		(H)	Heard & Held --Time Change--
03/26/02		(H)	MINUTE(TRA)
04/18/02		(H)	TRA AT 1:00 PM CAPITOL 17
04/18/02		(H)	-- Meeting Canceled --
04/23/02		(H)	TRA AT 1:00 PM CAPITOL 17

BILL: HB 500

SHORT TITLE:ADVANCE ACQUISITION OF REAL PROPERTY
SPONSOR(S): TRANSPORTATION

Jrn-Date	Jrn-Page		Action
02/27/02	2407	(H)	READ THE FIRST TIME - REFERRALS
02/27/02	2407	(H)	CRA, TRA
04/04/02		(H)	CRA AT 8:00 AM CAPITOL 124
04/04/02		(H)	-- Meeting Canceled --
04/11/02		(H)	CRA AT 8:00 AM CAPITOL 124
04/11/02		(H)	Heard & Held MINUTE(CRA)
04/16/02		(H)	CRA AT 8:00 AM CAPITOL 124
04/16/02		(H)	<Bill Postponed to 4/23/02>
04/16/02		(H)	TRA AT 1:00 PM CAPITOL 17
04/16/02		(H)	<Bill Canceled>
04/23/02		(H)	CRA AT 8:00 AM CAPITOL 124
04/23/02		(H)	Moved CSHB 500(CRA) Out of Committee MINUTE(CRA)
04/23/02		(H)	CRA RPT CS(CRA) 2DP 1DNP 3NR
04/23/02		(H)	DP: SCALZI, MEYER; DNP: HALCRO;
04/23/02		(H)	NR: KERTTULA, MURKOWSKI, MORGAN
04/23/02		(H)	FN1: ZERO(DOT)

WITNESS REGISTER

REPRESENTATIVE CARL MOSES
Alaska State Legislature
Capitol Building, Room 500
Juneau, Alaska 99801

POSITION STATEMENT: Testified as the requestor of HB 523.

STEPHANIE MADSEN
213 3rd Street, Number 204
Juneau, Alaska 99801

POSITION STATEMENT: Testified on HB 523 in memory of her late husband, Tom Madsen.

FRANK KELTY, Former Mayor of Unalaska
P.O. Box 162
Unalaska, Alaska 99685

POSITION STATEMENT: Testified in support of HB 523.

SINCLAIR WILT
P.O. Box 502
Unalaska, Alaska 99685

POSITION STATEMENT: Testified on HB 523, conveying the story of how Tom Madsen saved his infant daughter's life.

BETTY ARRIAGA
P.O. Box 920466
Dutch Harbor, Alaska 99692

POSITION STATEMENT: Testified on HB 523, telling how Tom Madsen saved her life.

PAMELA FITCH, Mayor
City of Unalaska
P.O. Box 920067
Dutch Harbor, Alaska 99692

POSITION STATEMENT: Testified on HB 523, echoing the sentiments of prior speakers and giving support to the renaming of the Unalaska airport.

JIM BIRD, Physician Assistant
Ilinliuk Clinic
P.O. Box 920166
Dutch Harbor, Alaska 99692

POSITION STATEMENT: Testified on HB 523, giving an account of the night he flew with Mr. Madsen to save a young girl's life.

KELLY HUBER, Staff
to Senator Rick Halford
Alaska State Legislature
Capitol Building, Room 111
Juneau, Alaska 99801

POSITION STATEMENT: Presented SB 358 on behalf of Senator Halford, who as Senate President had been a judge of the statewide contest to name the ferries.

MIKE KRIEBER, Staff
to Representative Vic Kohring
Alaska State Legislature
Capitol Building, Room 24
Juneau, Alaska 99801

POSITION STATEMENT: Testified on HB 502 on behalf of the House Transportation Standing Committee and explained Version T; presented HB 500 on behalf of the House Transportation Standing Committee.

JEFF OTTESEN, Planning Chief
Division of Statewide Planning
Alaska Department of Transportation & Public Facilities
3132 Channel Drive
Juneau, Alaska 99801-7898

POSITION STATEMENT: Testified on HB 502, offering the department's philosophical opposition.

DENNIS POSHARD, Legislative Liaison
Office of the Commissioner
Department of Transportation & Public Facilities
3132 Channel Drive
Juneau, Alaska 9981-7898

POSITION STATEMENT: Testified on HB 500, saying the department agrees with the concept but prefers the original version.

WENDY LINDSKOOG, Director
External Affairs
Alaska Railroad Corporation (ARRC)
P.O. Box 107500
Anchorage, Alaska 99510-7500

POSITION STATEMENT: Testified on HB 500, saying ARRC supported the bill in its original version.

ACTION NARRATIVE

TAPE 02-11, SIDE A

Number 0001

CHAIR VIC KOHRING called the House Transportation Standing Committee meeting to order at 1:11 p.m. Members present at the call to order were Representatives Wilson, Scalzi, and Kohring; Representative Kapsner arrived soon thereafter. Representatives Masek and Kookesh arrived as the meeting was in progress.

HB 523-MADSEN AIRPORT AT DUTCH HARBOR

CHAIR KOHRING announced that the first matter before the committee would be HOUSE BILL NO. 523, "An Act naming the state airport at Dutch Harbor the Charles Thomas Madsen, Sr., Airport."

[HB 523 was sponsored by the House Community and Regional Affairs Standing Committee at the request of Representative Moses. In packets was a proposed committee substitute (CS), Version F.]

Number 0143

REPRESENTATIVE CARL MOSES, Alaska State Legislature, assisted in presenting HB 523 to the committee. He explained that [Version F] would name the state airport in the City of Unalaska in honor of Charles Thomas Madsen, Sr., who was tragically killed in a plane accident in Juneau on April 10, 2002. The Unalaska City Council and surrounding communities fully support the bill to honor a pilot who gave so much to the people of the Aleutian Chain.

Number 0200

REPRESENTATIVE MOSES informed members that Mr. Madsen, a bush navigator for nearly 20 years throughout the Aleutians, was well known for willingly risking his life in order to save others. He was instrumental in many medical emergencies and search-and-rescue operations. In one instance, Mr. Madsen knowingly flew in a storm with winds of over 100 miles per hour to save the life of a young child who had ingested a fatal amount of iron pills. He said Thomas Madsen epitomized the term "bush pilot" by selflessly putting others' needs above his own, to meet the needs of humanity. The residents of the Aleutian Chain will fondly remember him both as the owner of Aleutian Air Limited and for his heroic acts. Representative Moses concluded that renaming the City of Unalaska Airport will enable Mr. Madsen's memory to live on, for generations to come.

Number 0337

REPRESENTATIVE SCALZI noted that he would be offering an amendment to simplify the title by changing it to the "Tom Madsen Airport," which would better reflect how Mr. Madsen was known. He cited the Ted Stevens International Airport [in Anchorage] as one with a simplified name.

Number 0385

REPRESENTATIVE MASEK moved to adopt the proposed CS, version 22-LS1705\F, Utermohle, 4/19/02, as the working document. There being no objection, Version F was before the committee.

Number 0410

CHAIR KOHRING asked Representative Scalzi what his amendment would specifically change the name to.

REPRESENTATIVE SCALZI answered that it would be Tom Madsen [Airport].

REPRESENTATIVE MASEK asked that the amendment be applied to the title, to line 5, and to line 6.

Number 0470

CHAIR KOHRING asked if there was any objection. There being no objection, the foregoing was adopted as Amendment 1.

Number 0482

STEPHANIE MADSEN testified before the committee in memory of her late husband, Mr. Madsen. She said Mr. Madsen was a private man, but one-on-one, he was very poetic in his description of life in the Aleutians. She characterized him as a lifeline for many communities in the Aleutians. She thanked the committee for the speed with which the bill had moved along. She showed a picture of Mr. Madsen with his airplane, "The Aleutian Spirit." He was privileged to be doing what he enjoyed the most, Ms. Madsen said, adding that he was "a great guy."

Number 0674

FRANK KELTY, Former Mayor of Unalaska, testified via teleconference. He said Mr. Madsen's flying and level of

service were of the same caliber as those of the famous pioneers of Alaskan aviation. He recounted how Mr. Madsen flew all over the Aleutian Chain carrying, among other things, mail and children. He asked the committee to move HB 523 with speed. He said it is a great honor to have the city's airport named after Mr. Madsen.

Number 0845

SINCLAIR WILT testified via teleconference. Speaking in support of HB 523, he recounted how Mr. Madsen had saved his daughter's life 15 years ago. His 14-month-old daughter had ingested [what would be] a fatal dose of iron tablets. The poison-control clinic said she needed to get to a hospital or she could die. The weather was too severe for a Medivac plane to land in Unalaska. At first, Mr. Madsen had said the weather was too poor, but later he'd called back, claiming to have seen a break in the weather. Mr. Wilt said he himself saw no such break, but had figured Mr. Madsen just couldn't bear to think about if it were his own child.

MR. WILT explained that those were the days before the Unalaska runway was paved or lighted; all of the police patrol cars were lined along the runway to illuminate it on that stormy night. Mr. Wilt conveyed to the committee how Mr. Madsen would only allow physician assistant Jim Bird to accompany him and the child on the flight for the sake of weight. Mr. Wilt said it was a very long night waiting for word that his daughter had arrived safely in Anchorage.

MR. WILT told the committee that Mr. Madsen had made numerous more lifesaving flights after that. Therefore, it was only right and fitting to honor Mr. Madsen by naming the airport after him. He urged the committee to pass HB 523.

Number 0980

BETTY ARRIAGA testified via teleconference. She told the committee how Mr. Madsen had flown her to Cold Bay after she'd had a heart attack. She said she didn't think she would be [alive and] testifying if it hadn't been for Mr. Madsen.

Number 1026

PAMELA FITCH, Mayor, City of Unalaska, testified via teleconference, voicing support for HB 523. She characterized Mr. Madsen as a wonderful man, and said renaming the airport for

him was an accurate representation of how the community felt about the man.

Number 1067

JIM BIRD, Physician Assistant, Ilinliuk Clinic, testified via teleconference. He gave his condolences to Mrs. Madsen and went on to tell about the night he flew with Mr. Madsen and Mr. Wilt's infant daughter. He talked about the measure of a hero, and he told how Tom Madsen fit that description.

Number 1551

REPRESENTATIVE MASEK told how growing up in a small, isolated village on the Yukon River helped her relate to the valor of Mr. Madsen's actions.

CHAIR KOHRING concluded that the testimony went far towards showing what a wonderful person Mr. Madsen was.

Number 1601

REPRESENTATIVE MASEK moved to report CSHB 523, version 22-LS1705\F, Utermohle, 4/19/02, as amended, out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, CSHB 523(TRA) was moved out of the House Transportation Standing Committee.

SB 358-NAMING STATE FERRIES

CHAIR KOHRING announced that the next matter before the committee would be SENATE BILL NO. 358, "An Act naming state ferries."

Number 1646

KELLY HUBER, Staff to Senator Rick Halford, Alaska State Legislature, presented SB 358 on behalf of Senator Halford [who as President of the Senate had been a judge for the contest to name the ferries]. Ms. Huber told the committee the bill was a response to a statewide essay contest organized by Lieutenant Governor Ulmer to name the next two ferries to be constructed. The contest took place among children in grades 2 through 6. There was widespread participation, and wonderful essays. As a result, the two ferry names chosen were "Fairweather" and "Chenega." Ms. Huber reminded the committee that Alaska state ferries must be named after glaciers. Ms. Huber said the bill

was sponsored by the rules committees of both houses, at the request of both the Senate President and Speaker of the House. She asked that SB 358 be passed out of committee.

Number 1691

CHAIR KOHRING asked what communities were involved in the contest.

MS. HUBER said the contest was statewide and included correspondence students and homeschoolers. The girl who won with the ferry name "Chenega" was a homeschooler from Ninilchik.

Number 1778

REPRESENTATIVE MASEK moved to report SB 358 out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, SB 358 was moved out of the House Transportation Standing Committee.

HB 502-RUSTIC ROADS AND HIGHWAYS

[Contains discussion of HB 473, which had been combined into HB 502 and then removed; contains discussion of HB 8, a portion of which is included in Section 4 of HB 502, Version T]

Number 1792

CHAIR KOHRING announced that the next matter before the committee would be HOUSE BILL NO. 502, "An Act relating to the designation of and funding for rustic roads and highways; and providing for an effective date." [In packets was a proposed committee substitute (CS), Version T, labeled 22-LS0822\T, Utermohle, 4/15/02.]

Number 1806

MIKE KRIEBER, Staff to Representative Vic Kohring, Alaska State Legislature, testified on behalf of the House Transportation Standing Committee, sponsor of HB 502. He reminded members that HB 473 and HB 502 had been merged because of common ground. Due to insufficient common ground, however, the bills had been split once again after there was conference with committee members and Representative Green, sponsor of HB 473.

MR. KRIEBER said Version T has all references to HB 473 stripped out of it. Donlin Creek's mention as a rustic road was removed

from Section 2. In addition, funding percentages were modified. Page 4 [paragraph 2] brings funding for the community transportation system back up to 33 percent. [Paragraph] 4, page 4, increases the funding for the Trails and Recreational Access for Alaska (TRAAK) system from 4 to 5 percent. He pointed out that "rustic roads" include trails, so recreational opportunities will be increased. Also expanded would be "safe linkages."

Number 2046

MR. KRIEBER further explained that Version T contains a new addition on page 5 [Section 4]. He told of a "road task force" bill [HB 8] that had passed the House and was still in the Senate Rules Standing Committee. The task force would address a list of roads and determine what actions could be taken to implement their construction. Version T places that list of roads in HB 502. The task force portion of the bill would not be included, however.

MR. KRIEBER pointed out that instead, Version T requires the Department of Transportation & Public Facilities (DOT&PF) to carry out the study. The report would list the roads and any other linkages or rustic trails, and identify whether they should be a rustic road or trail or should be part of the community transportation system, national highway system, or state highway system. He told the committee the report would identify the costs, potential environmental issues, and the permitting schedule, and would provide a proposed funding schedule. He said the report would give the legislature a tool for determining whether to fund these roads.

Number 2164

MR. KRIEBER discussed the issue of applicability as found on page 7. A July 1 implementation date would cut the department short for adequate planning. Version T would allow an extra year for implementation in order to allow the department to get into the next STIP [Statewide Transportation Improvement Plan] cycle so that it could carefully merge the new funding program into its long-range planning process.

Number 2209

REPRESENTATIVE SCALZI moved to adopt the proposed CS, version 22-LS0822\T, Utermohle, 4/15/02, as the working document. There being no objection, Version T was before the committee.

Number 2241

JEFF OTTESEN, Planning Chief, Division of Statewide Planning, Department of Transportation & Public Facilities, testified before the committee, noting that the department had worked with Mr. Krieber to make the bill work and not "leave money on the table." Nevertheless, he stated the department's philosophical opposition to the bill. He characterized the reduction of the TRAAK program from 8 to 5 percent as a key problem with Version T. Over three years, this would take \$36 million from a large number of projects across the state that could use the funding. Another problem would be the strict design standard imposed in statute that some roads may not be paved.

MR. OTTESEN announced that AS 19.10.160 specifies that the department will follow the design standards of the American Association of State Highway and Transportation Officials (AASHTO). He said AASHTO had recently released a new standard for low-volume roads; it is a national standard and must be followed. He told the committee that departmental decisions about what to do with a road aren't simple management decisions, but are public-process decisions. The department goes to the public and environmental agencies; there are many interests to satisfy. The bill would take that management, as well as the political and public process, and put it into statute, thereby taking away a great deal of flexibility. Regarding Section 6 of Version T, Mr. Ottesen said the department has been looking at new, low-volume roads in its "area plan process" for several years. He gave the examples of upgrading the road from Williamsport to Pile Bay and a new road on the North Slope as projects the department has been reviewing.

TAPE 02-11, SIDE B
Number 2328

REPRESENTATIVE SCALZI mentioned the road from Williamsport to Pile Bay and said it is one reason he supports the bill. He stated that the department was told of the wish to see the road built in the 1980s, and it has taken until now to "get it on the horizon." Another category would allow the road to make it on the list and be identified [for construction].

MR. OTTESEN said the new STIP category - the Alaska Highway System - has approximately 40 roads. Most are existing state-owned roads, and several are proposed roads. Included in that list is the road from Williamsport to Pile Bay. He said 8

percent of the STIP would go to this new category of roads, which he characterized as very similar to the rustic road category. The main differences would be that the department's list is changed by regulation, not statute, so roads could be added more quickly, and that the design standard could be determined through the aforementioned public process. The change took place on March 8, 2002, so it hadn't had time to work yet.

Number 2245

REPRESENTATIVE SCALZI said it sounds as though the department is doing the same thing as HB 502. He asked if the diversion of TRAAK monies would still yield the same amount of federal funds.

MR. OTTESEN said the state would still get the same amount.

REPRESENTATIVE SCALZI asked if the lower design standards would affect the federal TRAAK funds.

Number 2211

MR. OTTESEN cited AS 19.10.160:

The department shall prepare and adopt uniform standard plans and specifications for the establishment, construction, and maintenance of highways in the state. The department may amend the plans and specifications as it considers advisable. The standards must conform as closely as practicable to those adopted by the American Association of State Highway and Transportation Officials.

MR. OTTESEN said that since statehood, the department has followed this statute, which protects the department from tort claims.

REPRESENTATIVE SCALZI responded that many of proposed roads had been built before statehood and the statute. He asked what percentage of [the new proposed Alaska Highway System] was built prior to 1958.

MR. OTTESEN said the new system is made up almost entirely of roads owned by the state, and people are already driving on them. Many roads are in remote areas; they have not fared well in the STIP process since 1995, when the state established the National Highway System, Community Transportation Program, and

TRAAK. He noted that community donations, community maintenance contributions, and traffic volume [drive priority in the STIP]. He characterized these remote roads as the "orphans" of that system. He restated his belief that the main differences between the rustic roads and roads in the Alaska Highway System are that the latter would be established in regulation, and that the bill would impose a no-pave standard.

Number 2114

REPRESENTATIVE SCALZI said it sounded as though deviating from federal standards would not be an issue because most of the roads had been built before AS 19.10.160; therefore, there would not be a problem with maintaining the roads.

MR. OTTESEN pointed out that every time a road is rebuilt, the current standards must be considered.

REPRESENTATIVE SCALZI read from the statute, saying, "as close a practicable". He surmised that the department would have a great deal of latitude because of that.

MR. OTTESEN replied, "There is a lot of latitude until you're in a court of law and someone says, 'There's not a guardrail there, and why not? The standard says there should be.' And then your latitude looks pretty thin at that point." He gave the example of single-lane roads and how those present problems of standards.

Number 2043

REPRESENTATIVE WILSON asked how long some of the projects in her district would be postponed as a result of the \$12 million being removed from the TRAAK.

MR. OTTESEN characterized Representative Wilson's question as a difficult one because lower-scoring projects may be trumped by higher-scoring projects. The lower-scoring projects linger because of the program's being shrunk.

REPRESENTATIVE WILSON expressed concern about that. She asked if the state could wait to see how it would work out. She said she has new concerns about the bill.

Number 1954

REPRESENTATIVE KOOKESH expressed concern about what the bill is trying to accomplish since it has been split from HB 473. He said it was supposed to be a House Transportation Standing Committee bill, but he didn't help draft it and doesn't even know its purpose.

CHAIR KOHRING said it was from his office and was labeled a House Transportation Standing Committee bill because it was filed after the February 15th deadline for personal legislation.

MR. KRIEBER added that the purpose of the bill is to address an area where the department has not provided focus in the past - looking at new roads. He complimented the department for "the Northwest Plan" and said it is starting to make some movement towards economic development roads, but he said the department is not looking at the smaller, basic linkages that help in lowering the cost of living in areas. In areas where people must fly in and bring fuel in, people have higher costs, as does the state where there is power cost equalization (PCE). He indicated it is a policy issue for the department with regard to coming forward and making recommendations on how to spend money on [the rustic road] category. Delaying the bill would [cause three years to be lost] because of the 2004-to-2006 STIP cycle.

Number 1800

REPRESENTATIVE KOOKESH asked why the department's new category would not work.

MR. KRIEBER characterized the department's new category and the rustic roads category as very similar.

REPRESENTATIVE KOOKESH asked: Why not have a bill that says there is a rustic road category that adds to what [the department] has already proposed?

MR. KRIEBER answered that the bill assigns a funding percentage to [the funding categories]. The rustic road funding category would still allow money to be spent on roads identified as rustic; enhancements could still be made. He called it a policy issue of the legislature. It would help small-scale projects get done.

Number 1725

REPRESENTATIVE WILSON asked how the fiscal notes would be figured.

MR. KRIEBER answered, "What this bill provides is allowing the use of the rustic road fund category to fund this project without identifying them as rustic roads specifically."

REPRESENTATIVE WILSON mentioned \$12 million coming out of the TRAAK funding.

MR. KRIEBER said the cost was internal. The department will be able to go out and do a "real" study. He characterized the task force study as ineffective. The bill would provide a funding source for improvements, to focus on the roads listed as well as any others that come forward. However, it doesn't provide incentive for DOT&PF to pave roads with low usage. He took issue with Mr. Ottesen's position on the public process and cited the Hatcher Pass Road as one where the public-input process failed.

Number 1603

MR. KRIEBER said with regard to the TRAAK funding, the scores count. New projects can bump projects that have been on the list for ten years. With the implementation [in Version T], the department is provided two years of current funding in the STIP to carry it out.

REPRESENTATIVE WILSON said the bill would cost her district three projects. She asked what difference would be made by the economic study on any other projects in her district.

MR. OTTESEN said it would not make any difference. The money would come out of the same rustic road money discussed earlier - the \$12 million shifting from TRAAK to rustic roads, and another \$4 million from the Alaska Highway Program.

MR. OTTESEN said the department had been looking at the short roads - roads to landfill sites, water points, barge points and others - and building them. The next category up - roads that link villages and allow them to share infrastructure - have been held up by environmental processes and agencies. He told the committee it is not a lack of departmental will; it is the process that slows the construction of the roads. He said getting to "yes" and permits in hand is the hardest part of the process.

Number 1466

CHAIR KOHRING offered that the goal of the bill is to ensure funding that would open up more areas for access and economic development; it is also to promote recreational access. He concluded by saying he didn't want to push the bill in the absence of the committee's consensus. He indicated HB 502 would be held over.

HB 500-ADVANCE ACQUISITION OF REAL PROPERTY

Number 1388

CHAIR KOHRING announced that the final matter before the committee would be HOUSE BILL NO. 500, "An Act relating to the advance acquisition of real property for public purposes." [HB 500 was sponsored by the House Transportation Standing Committee. Before the committee was CSHB 500(CRA).]

CHAIR KOHRING noted that the bill's purpose is to accomplish having right-of-way property well in advance of construction of a particular project. This would allow the state to buy property when prices are low and thereby save money.

Number 1358

MIKE KRIEBER, Staff to Representative Vic Kohring, Alaska State Legislature, presented HB 500 on behalf of the House Transportation Standing Committee, sponsor. He read from the sponsor statement:

Infrastructure development is key to economic development throughout Alaska. Right-of-way corridors are required to access resources and markets, enhance interstate commerce, and improve Alaska's quality of life. Economical transportation utilities are vital to developing Alaska's raw resources and value-added products. Lowering the cost of developing these corridors would allow Alaska's resources to compete in national and international markets.

Many times, proposed resource extraction projects are hindered due to lack of established right-of-ways to access the sites or to move resources to market. In urbanized areas, the public process to identify new [rights-of-way] for transportation and utility corridors for past-due projects can extend over long periods. This results in bitter battles, pitting neighbor against neighbor, and ending up with many

dislocated property owners. Skyrocketing right-of-way costs and more expensive construction costs result in delay of projects and fewer projects statewide.

MR. KRIEBER explained that the bill is intended to address the problem of having no statutes to allow for the identification and preservation of corridors for future use. He cited the example of the Parks Highway, a 1.5-mile project for which the right-of-way costs have risen from \$4 million to \$21 million. There was also an eminent-domain case on the project that was awarded to the department. Mr. Krieber outlined a "snowball effect" of costs triggering higher costs.

Number 1213

MR. KRIEBER spoke to the issue of rights-of-way for private-property owners. People purchase property for certain reasons, for example, a retirement home; a major utility corridor or new road could impact the retirement home. Mr. Krieber said a solution to that problem is the development of a process that identifies the corridors, memorializes them, and allows utilities or the department to pre-acquire the right-of-way. This would provide the public with adequate public notice that a project is coming up, and give the public adequate information when there is a purchase of property.

MR. KRIEBER said the bill concentrates on eminent domain for advance acquisition, but only when certain prerequisites are met: the proposed future use is not too speculative, the need of the property must be reasonably foreseeable, and it must be in a long-range transportation plan such as found in a municipality or borough.

Number 1145

MR. KRIEBER summarized by saying the bill would result in direct benefits: decreased right-of-way acquisition costs and accelerated permitting of future transportation and utility projects. Resource-extraction and value-added industries will be able to capture emerging markets when the conditions are right, by the knowledge that their projects can move forward in a shorter timeframe. He said property owners would be able to make more informed decisions before their purchase.

CHAIR KOHRING said he did not intend to move the bill out; he just wanted to inform the committee about the bill.

Number 1030

REPRESENTATIVE KOOKESH asked how advance acquisition of property could take place before engineering - the time after which most projects receive their funding.

MR. KRIEBER answered by saying it is an issue to be looked at. He said it comes down to federal funding. He referred back to the Parks Highway example and said the federal government would have reimbursed the department if it had advance-purchased the right-of-way; the money saved by taking advantage of the lower price could have gone into other projects.

REPRESENTATIVE KOOKESH posited that a special fund might be required to allow the state to make advance purchases in lieu of federal reimbursement. He asked if such a fund was part of the bill.

MR. KRIEBER answered that there was no such fund within the bill, but he said the bill would provide the language in statute [that would allow a fund]. He said it would require two separate steps.

Number 0987

CHAIR KOHRING mentioned a similar idea voiced in the previous meeting by the department; he said the Department of Transportation & Public Facilities (DOT&PF) was in support of the bill [but see testimony by Mr. Poshard at the current hearing specifying support for the original version].

Number 0980

REPRESENTATIVE SCALZI mentioned that he'd heard the bill in the House Community and Regional Affairs Standing Committee meeting earlier that day, and the committee had passed it out [as a committee substitute (CS), CSHB 500(CRA)]. He stated that it was comforting to know that if DOT&PF purchased property through eminent domain and then later decided the property was not needed, the original owners, or their heirs, had first right of refusal to buy the property back at the original price.

Number 0942

REPRESENTATIVE WILSON asked what would happen if, for example, an environmental impact study prevented a project from going through.

MR. KRIEBER referred to Section 5 of the bill as an example. He said the same language is used for each entity given eminent domain for advance acquisition.

Number 0832

DENNIS POSHARD, Legislative Liaison, Office of the Commissioner, Department of Transportation & Public Facilities, testified before the committee. He told the committee the department supports the concept behind HB 500, but would prefer the original version. Mr. Poshard said a high potential for savings makes it a good opportunity. He made reference to a project for which the construction portion of the project costs \$16 million, while the right-of-way portion costs \$22 million.

Number 0748

MR. POSHARD said the bill would help in a statement that makes a claim for the need of a piece of property. If state funds could be used for advance acquisition, it would be much easier because of the strings attached to federal monies. The difference between the original bill and the CS [CSHB 500(CRA)] is Section 5. The CS would require the state to sell the property to the original property owner at the original cost. He expressed his understanding of the need to give a property owner a benefit that may be received, should that property owner have retained the property, but the state would be investing state funds on a piece of property that the owner could be [using for investment] otherwise. He expressed reservations about giving the entire amount of value gained on the property to the property owner. The state would be losing property over time.

Number 0584

REPRESENTATIVE KOOKESH reminded the committee that many times the department takes land by eminent domain. The property owners are not being given a benefit; they are being taken from. He said the department is not in the business of making money; it is in the business of saving money.

MR. POSHARD agreed there are times when the department takes property from people who don't want it taken, but they are compensated at least for fair market value, by federal law. Original property owners should get some benefit. He expressed his concern, however, about loss to the state over time. He added that it would only be in a limited number of cases.

Number 0489

REPRESENTATIVE KOOKESH recommended that AIDEA [Alaska Industrial Development and Export Authority] be involved in any potential fund developed for the bill's purpose.

Number 0418

WENDY LINDSKOOG, Director, External Affairs, Alaska Railroad Corporation (ARRC), testified before the committee. She said all of the time and effort that goes into preparing the land is expensive, whether it is used or not. Some of the value gained when a piece of land is sold back to the original owner at its original price could go towards offsetting those costs. It might be an incentive to see large projects go through.

REPRESENTATIVE KOOKESH said the public doesn't care about that. When [the ARRC] thinks about its own interest, that is fine, but [the legislature] must think about the public interest.

MS. LINDSKOOG expressed her appreciation of Representative Kookesh's point. She said the federal government allows for the "mitigating risk" concept when looking at property acquisitions. She expressed ARRC's support of the bill in its original form. [HB 500 was held over.]

ADJOURNMENT

There being no further business before the committee, the House Transportation Standing Committee meeting was adjourned at 2:45 p.m.