

MINUTES
SENATE FINANCE COMMITTEE
March 20, 2001
9:04 AM

TAPES

SFC-01 # 48, Side A
SFC 01 # 48, Side B
SFC 01 # 49, Side A

CALL TO ORDER

Co-Chair Pete Kelly convened the meeting at approximately 9:04 AM.

PRESENT

Senator Dave Donley, Co-Chair
Senator Pete Kelly, Co-Chair
Senator Jerry Ward, Vice Chair
Senator Gary Wilken
Senator Alan Austerman
Senator Lyman Hoffman
Senator Donald Olson
Senator Lyda Green

Also Attending: SENATOR JOHN TORGERSON; NANCY SLAGLE, Director, Division of Administrative Services, Department of Transportation and Public Facilities; TOM BRIGHAM, Director, Division of Statewide Planning, Department of Transportation and Public Facilities; HAROLD MOESER, State Harbor Engineer, Division of Statewide Design and Engineering Services, Department of Transportation and Public Facilities;

Attending via Teleconference: [NOTE: Teleconference testifiers were at two off-net sites in Anchorage and Fairbanks.] DAVE EBERLE, PE, Regional Director, Central Region, Department of Transportation and Public Facilities; TOM MITTENDORF, Planner, Alaska International Airport System, Department of Transportation and Public Facilities, testified via teleconference; JENNIE KUENTZEL, Planner, Alaska International Airport System, Department of Transportation and Public Facilities; BILL O'LEARY, Controller, Alaska International Airport System, Department of Transportation and Public Facilities; ROGER MAGGARD, Airport Development Manager, Department of Transportation and Public Facilities

SUMMARY INFORMATION

SB 137-ALASKA HUMAN RESOURCE INVESTMENT COUNCIL

The Committee heard from the sponsor. The bill moved from Committee.

SB 29-REAPPROPRIATIONS & CAPITAL APPROPRIATIONS

The Committee heard from the Department of Transportation and Public Facilities. The bill was held in Committee.

#SB137

SENATE BILL NO. 137

"An Act relating to the allocation of money appropriated to the Alaska Human Resource Investment Council; and providing for an effective date."

This was the second hearing for this bill in the Senate Finance Committee.

SENATOR JOHN TORGERSON presented the fiscal note, pointing out \$3,051,046 is appropriated to the University of Alaska and \$500,918 is appropriated to the Kotzebue Technical Center and \$1,001,836 is appropriated to the Alaska Vocational Technical Center (AVTC).

Senator Austerman commented that the purpose of similar legislation introduced the prior session, was to provide funds to assist the University in reaching a goal of a \$16 million budget increase. He asked SB 137 would accomplish this.

Senator Torgerson noted this legislation provides funds to the University.

Senator Wilken offered a motion to report CS SB 137 (FIN) from Committee.

There was no objection and the bill MOVED from Committee.

#SB29

SENATE BILL NO. 29

"An Act making capital appropriations and capitalizing funds; making appropriations under art. IX, sec. 17(c), Constitution of the State of Alaska, from the constitutional budget reserve fund; and providing for an effective date."

MANAGEMENT REPORTING SYSTEM EFFICIENCY - ANALYSIS AND DEVELOPMENT

\$250,000

Reference No.: 33938

AP/AL: Appropriation

Category: Transportation

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2001 - 06/30/2006

The department needs a thorough analysis of all information systems being used by the department, including a review of what information is being collected from them, how it is being collected, and how the information is being used. This review should suggest ways of improving the efficiency of the departments information management by streamlining processes, by changing or improving systems, and by improving reporting processes.

NANCY SLAGLE, Director, Division of Administrative Services, Department of Transportation and Public Facilities, listed the Airport Information Management System and the Equipment Management System as some of the many different systems the Department operates.

Senator Hoffman asked about the possibility of funding a portion of this project with federal funds.

Ms. Slagle was unsure that this could be done because this project is not specific to a federal highway program.

Senator Ward asked if the intent is to contract this project to a private entity that has performed this service in other states.

Ms. Slagle affirmed.

SAFETY INSPECTION OF STATE OWNED HIGH RISK FACILITIES

\$400,000

Reference No.: 33855

AP/AL: Appropriation

Category: Health/Safety

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2001 - 06/30/2006

Field inspection of 50 high-risk buildings. This will include structural analysis of each facility to determine if they may be subject to catastrophic failure.

Ms. Slagle testified this project utilizes general funds and is proposed as a result of recent incidents including one involving the structural integrity of the Cascade Maintenance Building in the Central Region. She added that due to the age of the buildings, asbestos is expected and would have to be addressed. She said this appropriation would allow inspections of ten to 15 buildings.

Senator Austerman requested a list of the 50 buildings.

Ms. Slagle said she would provide the list.

Senator Wilken asked if this project could be funded from the state building fund established in the previous legislative session.

Ms. Slagle responded the buildings proposed for this project are not included in the public building program. She explained the public building fund addresses state-owned buildings that are leased to other state agencies.

Senator Wilken requested a list of the ten - 15 buildings planned for inspection in FY 02.

Senator Lemman noted the project plans to use a structural engineer and an environmental engineer and he asked if these services would be done with Department staff or through a private contractor(s).

Ms. Slagle expected the engineers would be employed from outside of the Department.

Ms. Slagle answered Senator Ward's question by explaining the intent of this project is to determine whether the department has liability for catastrophic failure of the identified facilities. She gave heavy snowfall causing a roof collapse as one of the scenarios the inspections would focus on.

MATERIAL STOCKPILES: DALTON - ELLIOT HIGHWAY

\$500,000

Reference No.: 33853

AP/AL: Appropriation

Category: Transportation

Location: Dalton Highway

Election District: Rural Interior

Estimated Project Dates: 07/01/2001 - 06/30/2006

Pay for crushing materials used for maintenance that is not reimbursable by federal funding. Materials stockpiles will be contracted in conjunction with major federal-aid highway projects on the Dalton Highway.

Ms. Slagle testified the "drivability" of the Dalton Highway is difficult and that on-going routine maintenance is necessary. She detailed that use of the road, along with wind conditions, have caused the top layer of the road surface to blow away. She stated that stockpiling materials along the route is required to enable this preventative maintenance to occur. She also noted this expense is not eligible for federal reimbursement.

Co-Chair Kelly asked whether this maintenance could be eligible for federal funding.

TOM BRIGHAM, Director, Division of Statewide Planning, Department of Transportation and Public Facilities, explained the general criteria for federal eligibility. He said if a project were "programmatic" maintenance, it would be eligible; he gave resurfacing a road as an example. However, filling potholes, plowing snow, sanding icy roads, etc. is not eligible, he stated.

Co-Chair Kelly was unsure the difference between preventative and routine maintenance.

Mr. Brigham responded that most preventative maintenance, such as applying chip seal where asphalt is beginning to wear, is "programmatic".

Ms. Slagle continued this project would involve stockpiling surface materials in four locations along the highway: Sag River, Happy Valley, Milepost 274 and Milepost 86. She noted it is expensive to transport materials north of the Brooks Range.

Senator Austerman asked the total capital expenditures requested for the Dalton Highway.

Mr. Brigham responded \$30 million is "earmarked" for activities in the upcoming summer, with a portion planned for the summer of 2002. In addition to this amount, he noted an on-going program of approximately \$10 to \$15 million a year to rebuild the highway. He stated the department has projected undertaking one major project per year, although some years would include smaller projects, such as a bridge.

Senator Austerman asked the driving force behind keeping the road in operation.

Mr. Brigham replied the Dalton Highway is "the surface lifeline to Prudhoe Bay" and that a significant amount of materials is transported over this road. He detailed the damage caused by

snowplowing and permafrost heaves. He then shared the repairs would involve building the road level higher in hopes that the wind would blow snow off the road, thus reducing the need for plowing and therefore minimizing future damage. He also explained that a harder, "VSP application" surface would be installed on the repaired areas.

Senator Wilken addressed Senator Austerman's question by stating the Dalton Highway "is the lifeline to what amounts to our permanent fund" and the development of resources. On a more human scale, he expressed, there are no longer a lot of rich truckers in Fairbanks, Anchorage or Kenai, due to high-paying contracts with the oil companies, but there are those making a living. He relayed how the road conditions cause substantial wear and tear on the trucks. He asserted the reason for using federal and state funds to maintain the Dalton Highway is to make that road passable and safe for those people making a living. He stated the current process of addressing twenty or thirty miles of the road each year is accomplishing this.

Co-Chair Kelly agreed with Senator Wilken that the road conditions are hard on vehicles and the companies that must maintain them. However, he noted physical injuries are caused from repetitive driving on the rough roads.

Senator Austerman did not dispute the amount of money spent on this road is important, but wanted to make a point that the fuel tax should be increased. He opined that the commercial trucking industry should be paying some of the cost of maintaining this road. He compared this to the construction of a launch facility in Kodiak and 40 miles of road leading to the location.

Senator Wilken informed that an effort was underway to organize a tour for legislatures to ride the Dalton Highway.

Senator Ward asserted that there are important projects all over the state. He spoke of roads in his district that need maintenance. He commented that commercial drivers are claiming their contracts are no longer viable because they have to absorb the cost of wear and tear on their vehicles. As a result, he stated, the legislature is pressured to expend funds to maintain roads for commercial operators, when other roads are causing damage to the general public.

VALDEZ - HARBORVIEW DEVELOPMENT CENTER
\$261,300
Reference No.: 32476
AP/AL: Appropriation

Category: Health/Safety

Location: Valdez

Election District: Delta, Prince William Sound

Estimated Project Dates: 07/01/2001 - 06/30/2006

This will cover final mothballing of the portion of this Valdez facility previously used by Health and Social Services.

Ms. Slagle noted this appropriation consists of general funds and statutory designated program receipts (SDPR) from the City of Valdez. She stated the Department was given responsibility for this facility a few years past with no additional funds to maintain it. She informed the general funds requested in this item would be used for shut down the unused portion of the facility and the SDPR would be used to pay utility costs until the facility is closed. She assured this project would not impact the portion of the facility currently used as a hospital.

Senator Austerman pointed out that this project has been continually classified as a one-time project. He asked where the SDPR would come from.

Ms. Slagle answered, "We're hoping from the City."

WEIGHTS AND MEASURES TESTING UNIT REPLACEMENT

\$260,000

Reference No.: 32605

AP/AL: Appropriation

Category: Transportation

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2001 - 06/30/2006

The Weights and Measures vehicle fleet is aging and is at the point where a number of the vehicles are due for replacement. Currently, vehicles that are well beyond their projected economic useful life (some nearly 30 years old) are still in use.

Ms. Slagle stated this appropriation would be used to purchase two testing units. She detailed \$60,000 of the funds would be used to purchase a 100-gallon petroleum testing unit used for testing fuel meters, such as those in home heating oil delivery trucks. She stated this unit would replace one in the Northern Region that is over 30 years old and is not longer safe to operate. She continued the remaining funds would purchase a large-scale unit for testing trucks, contractor, freight and fishing scales and would replace a unit located in the Southeast Region that is over 20 years old and no longer safe to use.

Alaska Marine Highway System: Overhaul, Rehabilitation, and
Mandatory Training
\$4,800,000
Reference No.: 30624
AP/AL: Appropriation
Category: Transportation
Location: Statewide
Election District: Statewide
Estimated Project Dates: 07/01/2001 - 06/30/2006
Annual maintenance and overhaul on vessels and at terminals,
particularly component or system failures, which will impact
service in the short term.

Ms. Slagle detailed this annual request is to allow inspections of all sea valves, hull coating, inspections and repairs of propulsion systems, repairs to diesel generators, sewage systems, etc., as well as maintenance and repair to terminal facilities.

Ms. Slagle noted that approximately \$620,000 of this amount would be used to pay for STCW training, which is required by the International Maritime Organization and the US Coast Guard. She explained all crewmembers must have received this training by February 1, 2002. She noted most of the training is eligible for federal funding and this appropriation reflects the amount not covered.

Co-Chair Kelly asked the balance of the Marine Highway fund and what were the restrictions on how those funds could be spent.

Ms. Slagle estimated the balance at the end of the previous year was \$16 million. She stated it is predicted the fund would be depleted this year.

Co-Chair Kelly clarified this fund is not an endowment.

Ms. Slagle explained the fund was "seated with one year's Marine Highway revenue" of approximately \$41 million. She did not know the exact year.

Co-Chair Kelly read from the capital budget summary, "Our deferred maintenance items have begun to accumulate and year by year, we opt not to perform all prudent preservation." He understood that if maintenance is addressed early, the repair costs are lower in the long term. He was concerned that the fund has not been used to address maintenance items and instead has been allocated to operating expenses.

Ms. Slagle responded the Marine Highway fund has been used to

stabilize the operation of the Marine Highway System to allow management to predict the level of service that could be provided in the upcoming year. She told of the efforts required to establish, publish and distribute schedules. She noted the maintenance projects in the past have been paid with general funds.

Senator Austerman requested the Department provide a history of how this fund has been used. He referenced the capital budget summary showing the inclusion of software expenses in the STCW component and asked if this is a one-time expense.

Ms. Slagle replied the software in question is a one-time expense and is eligible for federal funding reimbursement. She clarified the state is responsible for the expense of the basic safety training and instructor-assisted training. She assured this request would be the last for this project.

Senator Austerman referenced a report making recommendations on how the Marine Highway System could benefit from increased marketing efforts and a new fee structure. [Copy not provided.] He asked if the fee structure has been implemented.

Ms. Slagle answered a new fee structure would go into effect the upcoming summer.

Senator Austerman explained how travelers are charged a toll for traveling on the Alaska Marine Highway System, and suggested travelers could be charged a toll for driving the Dalton Highway.

Senator Hoffman noted this project shows funding requests anticipated through FY 06 and asked if the Marine Highway fund would have assets to cover these appropriations.

Ms. Slagle responded the fund contains no funds that have not been committed. She detailed there are vessels currently in overhaul status and the Department is working to keep nine vessels operational. In fact, she stressed, more funds are needed.

FACILITIES DEFERRED MAINTENANCE AND CRITICAL REPAIRS

\$1,500,000

Reference No.: 30632

AP/AL: Appropriation

Category: Transportation

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2001 - 06/30/2006

To address the most urgent, critical repairs on state buildings.

Ms. Slagle gave examples of projects that would be addressed with this appropriation: electrical repairs to the Tudor Road Complex, roof replacement for the Sitka Court and Office Building, roof replacement for the Kenai Court House, roof replacement for the Southeast Region Complex; roof, siding and window replacements for the Kodiak Regional Office Building, exterior wall surface and window replacement for the Nome State Building; and roof and door replacement Ketchikan Maintenance Station. She asserted the Department has approximately \$40 million worth of deferred maintenance projects on state-owned facilities alone and this request would address the highest priorities.

EMERGENCY AND NON-ROUTINE REPAIRS

\$1,000,000

Reference No.: 30634

AP/AL: Appropriation

Category: Transportation

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2001 - 06/30/2006

Repairs to transportation facilities needed because of natural disasters, such as floods, snow, wind, earthquakes, etc. These repairs would be ineligible for federal funds. Also used to meet imminent failure needs caused by deferred maintenance.

Ms. Slagle gave some examples of repairs undertaken with these funds in the past as electrical, roof repairs, avalanche control and highway rockwork. She stated these are repairs that must be undertaken quickly.

Senator Austerman requested a list of projects addressed with the funds appropriated in FY01.

Ms. Slagle replied she would provide such a list. She noted all of the funds have not been committed yet since the fiscal year is still in progress.

CORP OF ENGINEERS - HARBORS PROGRAM

\$1,248,000

Reference No.: 7091

AP/AL: Appropriation

Category: Transportation

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2001 - 06/30/2006

Participation with the Corps of Engineers and local governments in harbor breakwaters, dredging, feasibility

studies, and program assistance.

Ms. Slagle spoke to this annual request. She referenced the proposed projects and amounts included in the capital budget summary.

HARBOR DEFERRED MAINTENANCE

\$1,000,000

Reference No.: 7090

AP/AL: Appropriation

Category: Transportation

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2001 - 06/30/2006

To address backlogged deferred maintenance for state-owned harbors.

SFC 01 # 48, Side B 09:51 AM

Ms. Slagle noted the significant deferred maintenance needs of the 76 state-owned harbors and that this is an annual request.

Co-Chair Kelly asked if these repairs are scheduled in preparation for transferring ownership to the local communities.

Ms. Slagle answered no, that these repairs are necessary to keep the harbor facilities operational.

Senator Austerman asked if projects have been identified for the entire appropriation.

Ms. Slagle affirmed and listed the amounts.

AT EASE 9:54 AM/9:56 AM

Senator Austerman asked for further details on the Department of Fish and Game, Division of Sport Fish access and aviation seaplane replacement projects. He wanted to know why general funds instead of Fish and Game funds are requested.

HAROLD MOESER, State Harbor Engineer, Division of Statewide Design and Engineering Services, Department of Transportation and Public Facilities, testified the Department of Fish and Game has funds from a past appropriation for a launching ramp facility in Hyder. The Department of Transportation and Public Facilities has a seaplane float project underway in Hyder, he said, and dredging is

necessary to make the entrance accessible to both projects. He noted US Federal Aviation Administration funds are proposed for the seaplane project. The intent, he stated, is to combine the project to allow federal fund to pay a portion of the dredging expenses.

AIRPORT DEFERRED MAINTENANCE

\$1,000,000

Reference No.: 30633

AP/AL: Appropriation

Category: Transportation

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2001 - 06/30/2006

To repair the backlog of maintenance items that cannot be done through the operating budget funding levels. Typical items are pavement repairs, lighting repairs, fencing repairs, and bird and animal controls.

Ms. Slagle pointed out this annual request is for deferred maintenance projects in rural airports. She informed that \$39.7 million in deferred maintenance project were identified in the Department's Fall 99 survey. She described projects undertaken during the current fiscal year including brush cutting, bird control, weed control, runway repair and erosion repair in various locations across the state.

HIGHWAY DEFERRED MAINTENANCE

\$1,500,000

Reference No.: 30631

AP/AL: Appropriation

Category: Transportation

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2001 - 06/30/2006

To address some of the needs that have not been handled through the operating budget maintenance funds. Typical items are surface and embankment repairs, drainage culverts and ditch repairs, marking and sign repairs, and brushing.

Ms. Slagle indicated that this is another annual request. She listed brush cutting for site improvement along roadways in the Central Region and Northern Region, guardrail repairs in the same regions, storm drain cleanouts and bridge repair in Southeast Region, etc., as some of the projects addressed with the FY 01 appropriation.

STATE EQUIPMENT FLEET REPLACEMENT

\$11,800,000

Reference No.: 30628
AP/AL: Appropriation
Category: Transportation
Location: Statewide
Election District: Statewide
Estimated Project Dates: 07/01/2001 - 06/30/2006
Replacement and/or refurbishment of equipment and vehicles which have reached the end of their useful life cycle and all extension periods and for the continued conversion of vehicles to alternate fuel and related alternate fuel expenses.

Ms. Slagle explained this item is authorization to receive and expend funds from the Highway Working Capital fund to replace vehicles in the 4,400-unit state equipment fleet. She noted this does not include the Alaska Railroad, the University of Alaska, or the Alaska Housing Finance Corporation (AHFC).

Senator Hoffman asked if this project has a backlog.

Ms. Slagle answered there is a backlog that is being addressed. She informed the Department secured \$9 million in financing for road graders and snowplows.

Senator Ward asked if efforts were in progress to obtain vehicles that utilize alternative fuel.

Ms. Slagle stated the Department owns about 30 vehicles that operate on natural gas fuel.

Ms. Slagle noted this concluded presentations on the general fund requests. The following items involve federal funds.

Mr. Brigham stated the Department has a total of 102 aviation projects utilizing approximately \$155 million federal Aviation Improvement Program funds. He noted that \$43.5 million of this is derived from international airport revenues and \$113.2 is aviation bonds. He stated the Department is requesting \$7.3 million general funds to leverage as matching funds.

Mr. Brigham continued the Department has a total of 156 surface projects totaling \$486 million federal receipts. He stated the Department is requesting \$41 million general funds to leverage as matching funds.

Mr. Brigham pointed out there are numerous projects and suggested addressing only those the Committee members had questions about.

Senator Austerman asked the amount of federal transportation

receipts appropriated over the past several years.

Mr. Brigham estimated an average of \$350 million to \$400 million per year in recent years and \$250 million in preceding years.

Senator Austerman pointed out there is an additional \$86 million secured for FY 02.

Mr. Brigham explained the "total project value" of the "basic program" has grown to between \$360 and \$370 million in federal and matching general funds. He remarked the state has been fortunate in receiving "a number of congressional earmarks" in the past two years.

Senator Austerman clarified the increase has been for specific programs. He noted items were consistently removed from the Department's list of planned projects. In his opinion, there is more money appropriated to fewer projects.

Mr. Brigham responded the FY 02 proposed budget contains approximately \$100 million in "earmark" projects and \$360 to \$380 million in regular programs. He pointed out there is an increase in the amount appropriated to regular projects. He noted the reduction in the number of projects is the result of underestimation of project costs and the "uncertainties of delivering a project" with respect to right-of-way complications. Because of these problems, projects get moved farther down the priority list and also displace other projects. He stated that the Statewide Transportation Improvement Plan (STIP) is actually a "snapshot" of the project development at a given point of time rather than a budget.

Senator Hoffman reminded of a bridge project that has been delayed several years. He was told the delay was due to a right-of-way issue, but had heard from residents that the real problem was because of poor site selection. He surmised this is not a "project slippage" but rather a "project forgotten". He told of students traveling to school in the winter over the lake in open skiffs. He questioned the health, life and safety priority assigned to this project.

Mr. Brigham responded that funding for this project was requested approximately four years prior, but was not funded. He noted the Department then began the development process, and admitted the site selection process has been complicated.

[Note: Teleconference interference from off-net sites.]

DAVE EBERLE, PE, Regional Director, Central Region, Department of

Transportation and Public Facilities, testified via teleconference from Anchorage, affirmed the construction funds were excluded from the budget several years, although the engineering process had begun. He stated the development process is done entirely with federal funds, but could take another year to 18 months to complete the design process before the right-of-way process could begin.

Senator Austerman agreed with Senator Hoffman's concerns, relaying a Marine Highway dock project Kodiak had been on the STIP project list for about ten years, but not on the list this year. He remarked he attributed this to poor communication from the Department.

Senator Hoffman asked the cost to build the new facility at the Ted Stevens International Airport. He wanted to know why the proposed budget contains new appropriations for this facility. He noted several projects relate to the airfield, but questioned those specifically related to the terminal.

TOM MITTENDORF, Planner, Alaska International Airport System, Department of Transportation and Public Facilities, testified via teleconference testified to the projects that maintain the airfield and address environmental issues. He told of information technology projects to provide airport planning and design, conduct terminal operations, and provide flight information for passengers. He noted that approximately 62 percent of the cost for this airport are for maintenance repair and other related projects and approximately 25 percent are for regulatory requirements.

Senator Ward asked about the advanced parking design study.

Mr. Mittendorf replied that every year, preliminary engineering begins for projects planned for the following year. He stated parking is one of many projects that would be funded from the advanced funding budget request.

Senator Ward asked if the parking project is related to the location of the Alaska Railroad terminal at the airport.

Mr. Mittendorf responded the parking lot expansion is related to the railroad terminal. He explained the parking lot project would potentially provide additional rental car parking, covered parking for the general public as well as improved facilities for cruise ship passengers arriving at the airport via the railroad.

Senator Olson referenced the request for \$2.6 million for de-icing systems and asked for further detail.

Mr. Mittendorf told of the De-Icing Task Force comprised of airport staff and airline representatives charged with identifying methods to collect and possibly treat de-icing chemicals at the airport. He noted that currently, the waste is deposited in Lake Hood. He informed that the task force should issue final recommendations the upcoming Fall and that the funds requested are included in the budget with the assumption that drainage and collections systems would be established.

Senator Olson asked how the chemical would be separated from the water in the storm drains.

Mr. Mittendorf replied that the issue is still in the planning phase, but that one possibility is to reroute the drainage using spigots during the winter months so the chemicals do not drain into Lake Hood.

Senator Olson thought \$2.6 million is a significant amount to spend on spigots.

Mr. Mittendorf responded the system would probably encompass underground containment of the de-icing materials and special aircraft parking areas where the de-icing activity would occur.

Senator Lemman asked for an explanation of the North Terminal Water Line Replacement item. He asked where the line originates and whether the existing system is aging.

JENNIE KUENTZEL, Planner, Alaska International Airport System, Department of Transportation and Public Facilities, testified via teleconference, told of the conversion of water systems and the need to replace water fixtures throughout the terminal.

Senator Lemman clarified that the lines are located inside the terminal building.

Ms. Kuentzel affirmed.

Senator Austerman referred to the parking design and asked if the Department had consulted the private sector to learn if there is an interest in a privately constructed and operated parking facility.

Mr. Mittendorf said that there has been interest and that the Department is considering such an option. He elaborated that if a private facility were constructed the Department would oversee planning, construction and operation because the airport would ultimately have ownership of the facility.

Senator Austerman asked about the requests for \$14.5 million for terminal rehabilitation and \$5 million for terminal relocation.

Ms. Kuentzel replied these are annual requests for funds to undertake major maintenance in the terminal facilities.

Senator Austerman assumed these projects are in the existing portion of the terminal.

Ms. Kuentzel affirmed the projects are located in the main terminal and the North terminal. She detailed the projects address federal fire code and health/safety requirements, such as lighting, furnishing, plumbing, electrical, etc.

Senator Austerman how about the relocation for 5 million.

Ms. Kuentzel explained the \$5 million terminal relocation request is to cover costs of relocating airlines within the terminal.

Senator Olson asked for justification of the almost \$5 million requested for Airfield Safety and Blast Protection.

Mr. Mittendorf told the Committee of the completion of a Pavement Management Program and the resulting phased project to upgrade pavement. He listed pavement maintenance, blast protection and electrical systems as services that would be addressed at the same time. He explained that jet blasts from heavy aircraft cause runway degradation, which could also result in debris sucked into jet engines. He noted some large runway rehabilitation projects are planned in the next several years.

Senator Olson asked the repairs planned for Runway 1432.

Mr. Mittendorf answered it would be resurfaced and lighting upgrades would be installed.

Ms. Kuentzel added some areas on this runway are deteriorating.

Mr. Mittendorf noted runways that receive the heaviest use are resurfaced and reconstructed every seven to ten years. This project, he said, is normal scheduled rehabilitation for this runway.

Co-Chair Kelly asked how much of this project utilizes general funds versus federal funds.

Mr. Mittendorf answered no general funds would be used and that International Airport Revenue funds would be used as matching funds

to secure the federal funding.

Senator Wilken referenced the \$147 million bonding Five-Year Plan for the Ted Stevens Anchorage International Airport that the Department presented to the Senate Transportation Committee. He asked if these projects are included in the five-year plan or if they are "over and above".

BILL O'LEARY, Controller, Alaska International Airport System, Department of Transportation and Public Facilities, testified via teleconference that these projects are included in the legislation containing a bond package to fund projects at the Fairbanks International Airport and the Ted Stevens Anchorage International Airport. He noted the matching funds necessary to secure federal funding would be provided through bonds.

Ms. Slagle pointed out the funding source for the proposed projects is International Airport Construction funds, which are specific to the bond legislation. She noted if the legislations did not pass, the funding sources would need to change.

Senator Wilken next referred to a Systems Relocation Project and an Information Technology System. He asked for details on these projects and an explanation on how they might relate to the Communications Request For Proposals (RFP) the state is currently considering.

Mr. Mittendorf was not familiar with the RFP.

Co-Chair Kelly noted the Committee would hear a presentation on the Information Technology project at a later date.

Senator Leman asked if projects addressing blast protection include efforts for noise abatement.

Mr. Mittendorf responded noise abatement is not part of this particular project. He spoke of a Ground Noise Study currently underway, which could result in recommendations for new runway directions. If this were to occur, he noted, the runway rehabilitation projects would address the new pathways.

Senator Austerman pointed to the \$8.9 million request for the Whittier Access Tunnel and the request for funds for the Whittier Access Road. He understood the tunnel opening included delayed implementation of a toll. He asked if the Department would continue to submit requests for maintenance and operation of this road and tunnel on an on-going basis or whether the fees collected from the toll would cover the costs. He also wanted to know if any general

funds were requested for the Whittier Access Tunnel.

Mr. Brigham replied the revenues amounts would be unknown until the toll is actually enacted. He stated that if the toll program is successful, the revenues might cover all maintenance and operating costs. However, noted the Department has the "permission" of the Federal Highways Administration to "include a project of this nature" on an on-going basis in the federal program and general funds would not be necessary.

Senator Austerman repeated his question of whether general funds are requested for the Whittier Access Tunnel in the FY 02 budget.

Ms. Slagle replied the only general funds requested in the capital budget are for matching funds. The operating budget, she continued, contains a request for general funds for maintenance and operations of areas near the tunnel entrances.

Senator Austerman asked if the toll revenues would be sufficient to cover maintenance and operation costs of the staging areas near the tunnel.

Ms. Slagle responded it is hoped there would be enough revenue to pay all the expenses of the tunnel and entrance areas. She pointed out SDPR authority contained in the operating budget to utilize toll revenues.

Senator Austerman suggested the Committee review the matter the following session to ensure the staging areas are paid with toll revenues since federal funds are available for the tunnel expenses.

Senator Leman referenced the Akutan Airport Master Plan, noting the cost is "considerably" higher than other master plans.

Mr. Brigham explained the Akutan plan is "much more complicated".

ROGER MAGGARD, Airport Development Manager, Department of Transportation and Public Facilities, testified via teleconference the Akutan Airport Master Plan is a more expensive project. He detailed it involves evaluation of a site that is further from the community than other airport facilities and is in rugged terrain. He stated \$1.2 million was "earmarked" by US Senator Ted Stevens to this project. The actual amount of funding requested is approximately \$970,000, he said.

Senator Hoffman asked if access to Akutan is still via seaplane.

Mr. Maggard affirmed.

SFC 01 # 49, Side A 10:40 AM

Senator Lemman asked about fuel tax evasion.

Mr. Brigham explained a federal program the Department of Transportation and Public Facilities and the Department of Revenue participates in that helps fund gasoline tax evasion enforcement efforts.

Senator Wilken noted the general fund total of the Department of Transportation and Public Facilities budget is 6.8 percent and the general fund total for federal match is 9.4 percent. He remarked, "This is a transportation budget that is definitely driven by federal money or other money."

Senator Austerman agreed Senator Wilken raised a valid point. He cautioned that those federal funds could be greatly reduced with the loss of one congressman [referring to US Senator Ted Stevens.] He stressed the Legislature must discuss options to prepare the state for this occurrence.

Senator Green appreciated these concerns but stressed federal funds come from Alaskans. She suggested if the tax system were different the state's situation could be different.

#

ADJOURNMENT

Co-Chair Pete Kelly adjourned the meeting at 10:45 AM.