

ALASKA STATE LEGISLATURE
SENATE TRANSPORTATION COMMITTEE
MARCH 5, 2002
1:37 p.m.

MEMBERS PRESENT

Senator John Cowdery, Chair
Senator Jerry Ward, Vice Chair
Senator Robin Taylor
Senator Gary Wilken
Senator Kim Elton

MEMBERS ABSENT

All Members Present

COMMITTEE CALENDAR

SENATE JOINT RESOLUTION NO. 41
Relating to reconstruction and paving of the Alaska Highway.
MOVED SJR 41 OUT OF COMMITTEE

HOUSE JOINT RESOLUTION NO. 37
Congratulating Alaska Airlines on its 70th Anniversary.
MOVED HJR 37 OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

SJR 41 - No previous action to record.

HJR 37 - No previous action to record.

WITNESS REGISTER

Senator Randy Phillips
State Capitol Room 103
Juneau, AK 99801-1182

POSITION STATEMENT: Introduced SJR 41.

Scott Kent, Minister of Infrastructure
Office of the Minister
Box 2703
Whitehorse, Yukon Y1A2C6

POSITION STATEMENT: Supports SJR 41.

Judy Ohmer, Staff to Representative Pete Kott

State Capitol Room 204
Juneau, AK 99801-1182

POSITION STATEMENT: Presented HJR 37

ACTION NARRATIVE

TAPE 02-13, SIDE A

CHAIRMAN JOHN COWDERY called the Senate Transportation Committee meeting to order at 1:37 p.m. Present were Senator Taylor, Senator Wilken, Senator Elton and Chairman Cowdery. Senator Ward arrived at 1:38 p.m.

CHAIRMAN COWDERY announced there were two pieces of legislation before the committee. SJR 41 is relating to reconstruction and paving of the Alaska Highway and HJR 37 congratulates Alaska Airlines on its 70th Anniversary. He invited the sponsor of SJR 41 to come forward.

#SJR 41

SJR 41-PAVING ALASKA HIGHWAY

SENATOR RANDY PHILLIPS, representing Senate District L, had received a call a few weeks earlier asking for the introduction of this resolution for continuation in the Yukon of the Shakwak Project. SJR 41 requests the U.S. Congress to continue the funding to complete this segment of the Shakwak Project.

MR. SCOTT KENT, Minister of Infrastructure, Yukon Government, said his job includes responsibility for the highways. He asked them to introduce this resolution designed to allocate the remainder of funds necessary to complete the Shakwak Project also known as the North Alaska Highway Project. The project goes from the Canada-Alaska border on the Haines Road to the Yukon-Alaska border on the Alaska Highway. The project covers 322 miles and began in 1977 through a joint United States and Canada agreement.

MR. KENT explained the original project called for a paved all weather road from Haines, Alaska up through Haines Junction and on to the Alaska border at Beaver Creek. All that remains, after the current Transportation Equity Act for the 21st Century (TEA 21) of \$85 million has been expended, will be approximately 18 miles along the shores of the Kluane Lake-Sheep Mountain area as well as the replacement of four major bridges. The total cost for the balance of highway construction and bridge replacement is expected to be in the neighborhood of \$45 million. They asked

the legislature to pass this resolution requesting Congress to administer those funds.

The original proposal called for the highway to be paved. They have a BST surface on it now and paving would require additional expenditures in the amount of \$160 million. That would be a future appropriation or a future Transportation Equity Act.

MR. KENT said traffic on the North Alaska Highway north of Haines Junction is approximately 85% U.S. traffic. It is a very important corridor for tourism, commercial truck traffic and will be a very important highway to support the construction of an Alaska Highway natural gas pipeline.

He said if the U.S. Government appropriated the remainder of funds they can reach substantial completion by 2006 on the 18 miles of road and the bridgework can be completed by 2008. There is a possibility of accelerating the project if they were to receive a positive announcement on the gas pipeline in the meantime.

SENATOR WARD asked if this was appropriate to put comments in the resolution concerning a future Alaska natural gas line.

SENATOR PHILLIPS thought that was being taken care of in other pieces of legislation. He asked if Senator Ward meant in conjunction.

SENATOR WARD said as one of the whereas clauses.

SENATOR PHILLIPS said he would not mind if the committee did not mind.

SENATOR WARD said he did not want to slow the resolution up. He hadn't thought about it until Mr. Kent mentioned it.

SENATOR PHILLIPS said BST stands for Bituminous Surface Treatments known as poor man's asphalt.

CHAIRMAN COWDERY said that is not done with a lay down machine. That is an emulsion that is mixed with the material that is there and then possibly rolled.

SENATOR PHILLIPS said it is about 1/10th the cost of regular asphalt.

MR. KENT said it allows the highway to settle and if they decide to go ahead the asphalt paving can be done over the top of the

BST.

CHAIRMAN COWDERY asked if all but one stretch of the highway was going to be completed.

MR. KENT said after the current appropriation is exhausted in 2003 all but 18 miles and the four bridge replacements will be taken care of.

SENATOR WILKEN thanked Mr. Kent for being there. He appreciated Senator Phillips bringing the resolution forward and was fully supportive.

SENATOR WILKEN said the people of Fairbanks benefit by having that road improved every year. They have a commercial semi truck that runs between Beaverton, Oregon and Fairbanks on a round robin bringing bread products to Fairbanks. It is cheaper bringing it that way than bringing it by sea with Sealand. That road being improved made it possible for those truckers to make that trip quicker and with less maintenance.

He thought that was a wonderful stretch of road, which helped the people of Fairbanks and Yukon because it is a gorgeous drive. He was fully supportive of this resolution and hoped they would move it through the legislature and on to the U.S. Congress.

SENATOR ELTON thanked Mr. Kent. He said the connection they have in Southeast Alaska to the Yukon Territory and points further north in Alaska are very important to Southeast Alaska. He was supportive of the resolution.

SENATOR ELTON thanked him on behalf of Juneau. Whitehorse is a sister city and when he was on the Juneau Assembly in the late 1980's they actually stole the BST technology from the Yukon. They have used it extensively in Juneau as a low cost way of reducing dust and mud.

SENATOR TAYLOR said one important aspect of the last series of Shakkwak funding by the federal government should be noted on the record.

Is that one condition of that funding has always been that the - that when those contracts were placed for bid those contracts could be bid upon by any company either Canadian or American. And that it's my understanding that the Canadian companies were successful in achieving and underbidding on those things and did actually get the work, which I'm happy

about because we got more road for fewer dollars. But I think it is essential that we note that that probably will continue to be a condition and do you have any problem with that?

MR. KENT said no, certainly not at all. They had just finished the first tender for this year's Shakwak project. The contract had not been awarded but the bids were in and a number of bids were from companies not only from the Yukon but from British Columbia and Alberta. No bids were received from Alaskan companies but any of the terms and conditions applied to the tendering process could be carried on into the next appropriation as well.

SENATOR TAYLOR thought a very healthy aspect of the funding mechanism was that no one was precluded from bidding. It clearly demonstrated a wonderful working relationship between two foreign nations who can reach hands across the border and be able to accomplish a project that both desperately want to have done and do it without the parochialism of local squabbling over who gets the work and how the work gets done. He felt that said a great deal about the people of Yukon and Canada in general. He wanted that point on the record.

MR. KENT thought this was a great example of cooperation between their two jurisdictions and their two nations on a project that not only benefits Alaskans but benefits Canadians as well.

MR. KENT said the Yukon and Canadian Governments have been doing their share on the south of Haines Junction portion of the road with upgrades. This year they are going to continue the upgrades around the Champaign area by taking the corners out and straightening and widening it as they carry on towards Haines Junction and they will continue to do so.

SENATOR WILKEN moved to report SJR 41 from committee with individual recommendations and attached zero fiscal note. There being no objection the motion carried.

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CHAIRMAN COWDERY asked the Canadian Delegation to introduce themselves.

MIKE NAVARE, Deputy Speaker, Whitehorse YT.

PETER JENKINS, Representing the Klondike and Dawson City.

One member's introduction was indiscernible.

PATRICK MICHAEL(ph), Clerk of the Yukon Legislative Assembly, thanked the Alaskans. He had participated in the exchange since

1982 when Senator Phillips and Tony Panka(ph) first put it together and the long term relationship was appreciated.

FLOYD MCCORMICK Deputy Clerk of the Yukon Legislative Assembly, said it was his first opportunity to participate.

MR. KENT thanked the committee on behalf of Premier Duncan and all the members of the Legislative Assembly not present.

CHAIRMAN COWDERY welcomed them and hoped they enjoyed their visit.

#HJR 37

HJR 37-ALASKA AIRLINES 70TH ANNIVERSARY

CHAIRMAN COWDERY announced HJR 37 as the next bill before the committee. He said it congratulated Alaska Airlines on it's 70th anniversary.

MS. JUDY OHMER, staff to Representative Pete Kott, explained HJR 37 is a congratulatory resolution to honor Alaska Airlines on its 70th year of service to Alaska. It has been a vital part to the states development, critical to the economy by moving its goods and people and services. One of the words they are hearing now is connectivity and it is usually used when referring to computer kinds of things, but it also can refer to Alaska Airlines because it has connected the communities in the remote and rural parts in Alaska to the other places within the state, to the Lower 48 and even to some of the international destinations they fly to today.

MS. OHMER said Alaska Airlines has an impressive history.

- It started off as a single engine three passenger Stinson with one destination and has grown into a fleet of jets with over 80 destinations.
- It was critical to the construction of the Alaska Trans Alaska Pipeline. It hauled supplies, workers, and equipment.
- It was involved in the Berlin Airlift right after World War II.
- It was a major part of Operation Magic Carpet that started on Christmas Eve 1948. That operation returned over 40,000 Yemenite Jews to the Homeland in Israel. There was a legend they would be returned to their homeland on the wings of Eagles. Alaska Airlines painted Eagles over the doorways of those planes, fulfilling the legend of the Jewish people.

History shows Alaska Airlines to be a pioneer in the emerging technologies and in developing a superior level of customer service. They lead in improving technologies, equipment and

practices. They were the first airline using the Global Positioning System (GPS) and Heads Up Guidance System. They were the first airline in the world to use the Internet to book travel and to sell tickets. They were the first ever to use electronic tickets and electronic check-ins. They were landing jets on gravel runways in Senator Taylor's district, Petersburg.

Alaska Airlines has always distinguished itself in outstanding service. Alaska Airlines has name brand recognition like Starbucks coffee or Nordstrom or Eddy Bauer. When they say Alaska Airlines it means something in the industry.

Histories of commercial aviation always include a section on how an obscure little airline in Alaska's hinterlands survived and thrived when the once proud giants like Pan Am have disappeared. The reason is the grit and determination of the people of Alaska Airlines. The spirit of Alaska Airlines and the people of Alaska Airlines mirror the spirit of the people of the state for which it is named. It is a place where "can do" and "neighbor helping neighbor" are just facts of life. There is a commitment to integrity, caring, resourcefulness, professionalism and spirit. Alaska Airlines is full of colorful stories of the legends and the heroes throughout its history.

Alaska Airlines was creative. One of their pilots, Bob McGuire, was forced to land in enemy territory when he ran out of fuel during Operation Magic Carpet. He radioed for ambulances saying his passengers had smallpox and needed to be taken to the hospital because there had been a threat they were going to kill all the Jewish people aboard and the crew as well. When the Arabs found they had an epidemic of smallpox aboard they refueled the plane and got it back in the air as fast as they could, thanks to the quick thinking of Bob McGuire.

Alaska Airlines was also courageous. A cargo ship named Patterson wrecked on an inaccessible beach off of Cape Fairweather. Navy planes and Coast Guard cutters couldn't get in to save the people. As two weeks went by it was getting pretty grim on the shores waiting for rescue but the waters and the weather wouldn't let people in. Alaska Airlines pilot, Shell Simmons, acted on his own just three months after he had been in an air wreck and had repeatedly dove underwater to free and save a passenger. He bore the scars incurred during that wreck until his dying day. Shell Simmons took it upon himself to go in and drop off a trapper to walk the people 15 miles down the beach and he flew back out with the two sickest people. His actions saved the beached crew.

Alaska Airlines is caring. She had an experience in June 2001 when she stood in front of an Alaska Airlines/Northwest Airlines ticket counter in Minneapolis. There had been a family tragedy

in Anchorage and she needed to get her ticket changed and return to Anchorage quickly. They made the change with no charge to her and graciously offered her first class service.

Alaska Airline pilots are skilled. They have the necessary talents to fly in the extreme weather conditions in Alaska. The pilots have at times needed to evade bullets, such as in the Berlin Airlift and the Magic Carpet Program. They were chosen by Delta Airlines to fly the Olympic Torch into Juneau with their president aboard. Their website features living legends and old time legends that are fun to look into.

MS. OHMER explained HJR 37 has a zero fiscal note. A question could be raised why this was being presented as a House Joint Resolution instead of a citation but it seemed this was the most significant and symbolic way they could acknowledge their appreciation to Alaska Airlines for its service to the state.

CHAIRMAN COWDERY asked her to make her testimony available to the committee so they can share it. He commended her on the presentation.

SENATOR WARD moved HJR 37 out of committee.

SENATOR TAYLOR said he had an amendment that would probably start at about page 1, line 11.

Whereas Alaska Airlines was on the verge of bankruptcy when the federal government decided to withdraw Western Airlines' authority to fly a scheduled route into Southeastern Alaska.

And whereas the federal government granted Alaska Airlines the exclusive monopoly to serve Southeast Alaska and provided through the Essential Air Service Act millions of dollars of annual subsidy to Alaska Airlines for this route.

Whereas Alaska Airlines was able to significantly increase fares and coupled with the federal subsidy they not only recovered from the verge of bankruptcy but became one of the most profitable carriers in the world.

And whereas Alaska Airlines now has one of the most modern fleets in the world and because of the profit derived from the Southeast route and the continuing federal subsidy, which was just increased by Senator Stevens to 3.5 million dollars annually.

And whereas Alaska Airlines has used its profitable Alaskan operations to subsidize its invasion into markets in California, Denver, Chicago, Washington

DC and specifically other areas serviced by Southwest Airlines.

And whereas a round trip ticket from the federally subsidized communities of Cordova, Yakutat, Wrangell, Petersburg and Gustavus has for the last four years cost over \$800 per person but to fly twice as far from Seattle to Oakland California, that Alaska Airlines passenger only pays \$118 round trip or less. In fact it was as low as \$39 per fare going out of Seattle on a 400 series into Oakland or San Francisco one way. They were trying to bust Southwest, and it was so cheap that it was cheaper to fly on Alaska Airlines than it was to take the Greyhound Bus.

Whereas Senator Ted Stevens announced the new increase in federal subsidy and stated, "This will insure reasonable airfares for the federally subsidized communities of Southeast Alaska."

I'm not prepared to congratulate them until I understand how Senator Steven's words are going to be carried out in their fare structure for my constituents.

SENATOR ELTON said to get straight to the heart of what Senator Taylor was saying and the issue of staff work. He thought he got the wrong pen. He thought it belonged to Senator Taylor because his pen said watch out for the grumpsickle.

SENATOR TAYLOR said maybe Senator Elton's people were not grumping, but they ought to try paying \$883 for a round trip airfare at the counter in Wrangell because a family member is sick in Seattle. He said maybe they ought to try that for about four years and see what the people in Juneau have to say.

SENATOR ELTON said Juneau pays high fares also. Not as high as Wrangell but Juneau pays high, certainly higher than Anchorage and Fairbanks.

SENATOR TAYLOR said isn't that funny, Wrangell is almost 150 miles closer to Seattle.

SENATOR TAYLOR said he made that as an amendment.

SENATOR WILKEN made an objection.

CHAIRMAN COWDERY asked if there was an objection to the amendment.

SENATOR WARD said he moved HJR 37 out of committee.

CHAIRMAN COWDERY said they had an objection.

SENATOR WARD said he was moving it on to the Rules Committee.

CHAIRMAN COWDERY asked Senator Wilken if he wanted to speak to the objection.

SENATOR WILKEN said he just didn't agree with the amendment.

CHAIRMAN COWDERY asked for a roll call vote.

Senator Ward and Senator Taylor voted for the amendment. Senator Elton, Senator Wilken and Chairman Cowdery voted against the amendment.

SENATOR WARD moved HJR 37 out of committee with accompanying zero fiscal note and individual recommendations.

SENATOR ELTON objected for a comment. He thought the one whereas missing that was important to many of their constituents was the mileage plan. He thought it was something people might want to fix in a future committee of referral.

SENATOR WARD said former Representative Terry Martin wants mileage to come back to the state.

SENATOR ELTON removed his objection.

SENATOR TAYLOR said he maintained his objection until there was something in this resolution that talks about what had happened to his constituents during this period of time.

There's not one of us down there that don't love the Alaska Airlines crew and people that we work with in our community. There are some fantastic folks. And I extend that to all the pilots and crew that we've had the wonderful experience of riding with and I complement Judy, she was born and raised in this thing and I practically was.

But the attitude from the time they left this state and moved to Seattle has not been an Alaskan attitude and if there was a way I could take that name off that airplane and take that smiling Eskimo off that tail I'd do so in a heartbeat. Because I personally am really, really tired of watching my constituents pay almost a dollar a mile when you can fly out of Seattle today to Europe for two - three hundred bucks.

We can fly - all my friends out of Anchorage just can't understand how come it costs me so much to be a legislator each year. Every time they have a meeting in Anchorage it's a \$600 and some dollar airfare for me to get there. They drive across town. Every time I have to go to a meeting down south add \$800 and some bucks to it if they didn't call in time because I couldn't go get a supersaver or I couldn't go do a soopy-whoopy deal because there weren't enough seats left on the airplane, right.

You ought to plan a vacation out of any of the communities that I represent. You better start calling in advance about four to five months if your going to try to use a supersaver or try to use any one of the benefits that they wantonly give away to any turnip truck guy that walks up in Seattle, Washington 'cause their so hungry to get his business to fly him to - to California on a subsidized flight that they're losing money on.

At what point in time do we as a state have a right to standup and say enough is enough? We understand that you're working off of a corporate bottom line and you don't give a damn about the people of the State of Alaska but you don't have to carry our name anymore and we don't have to keep selling your product for you unless you're going to start treating us just half as fair as you're treating that new passenger walking on in Seattle that wants to go to California.

And they were giving out those little gold ingots, remember that one? The gold was costing them more than the ticket was into San Francisco. That's the volume of money they were losing for the first three years of operation down there. And where do you think the money came from? It came out of the back pockets of working people all over Southeast Alaska that were paying for it. And I know there's no morality in the market place but to congratulate them for the manner in which they treated the people of my district is beyond anything I can allow to just let go by.

I've had the opportunity and I appreciate it very much Mr. Chairman, a chance to vent some of these frustrations, but I can guarantee you I speak for the vast majority of the people that have no other choice. We laugh when the plane lands and they say thank you

for flying Alaska Airlines. We don't have a blooming choice. We've never had Delta coming in as Juneau did or as Fairbanks has had. We don't get relief from those carriers. We didn't have MarkAir.

So as a consequence I wanted to make those statements on the record. My amendment is there if anybody wishes to ever read this record but I can't vote to do this.

SENATOR ELTON said he did not think what Senator Taylor was talking about are unusual frustrations. He wanted to take the opportunity to thank Alaska Airlines for two things that have been incredibly important to his community.

- The first is constituent fares that help Alaskans get to Juneau more cheaply than they otherwise would be able to.
- The way they worked with Juneau and the Juneau Assembly in the development of something that Judy Ohmer mentioned briefly but has had a tremendous impact and that is the GPS system. It allows more flights to get in more often and get in on time. It has made an incredible amount of difference between the number of over flights they used to have and the number of over flights they now have. They not only worked on a system that had never been used elsewhere or by any other airline, they also had an incredible training program to teach the pilots in the cockpit how to use it. It has been an incredible experience for our community.

CHAIRMAN COWDERY said they had an objection to moving the resolution. He asked for a roll call.

Senator Wilken, Senator Elton, Senator Ward and Chairman Cowdery voted for moving HJR 37 from committee. Senator Taylor voted against moving HJR 37 from committee. The motion carried.

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There being nothing more before the committee the meeting was adjourned.