

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

February 6, 2003

1:34 p.m.

**MEMBERS PRESENT**

Representative Jim Holm, Co-Chair  
Representative Beverly Masek, Co-Chair  
Representative Hugh Fate  
Representative Cheryll Heinze  
Representative Vic Kohring  
Representative Mary Kapsner  
Representative Albert Kookesh

**MEMBERS ABSENT**

All members present

**OTHER LEGISLATORS PRESENT**

Representative David Guttenberg

**COMMITTEE CALENDAR**

HOUSE CONCURRENT RESOLUTION NO. 3

Relating to economic development generated by new road construction and to the design and construction of the Hot Springs Loop Road to connect Chena Hot Springs and Circle Hot Springs.

- HEARD AND HELD

**PREVIOUS ACTION**

BILL: HCR 3

SHORT TITLE: SUPPORT ROADS/HOT SPRINGS LOOP ROAD

SPONSOR (S): REPRESENTATIVE (S) HOLM

Jrn-Date	Jrn-Page		Action
01/21/03	0024	(H)	READ THE FIRST TIME - REFERRALS
01/21/03	0024	(H)	TRA
01/21/03	0024	(H)	REFERRED TO TRANSPORTATION
01/30/03		(H)	TRA AT 1:30 PM CAPITOL 17
01/30/03		(H)	-- Meeting Postponed to 02/06/03--

02/06/03

(H)

TRA AT 1:30 PM CAPITOL 17

**WITNESS REGISTER**

RALPH D. SWARTHOUT, Regional Director  
Northern Region  
Department of Transportation & Public Facilities (DOT&PF)  
Fairbanks, Alaska  
POSITION STATEMENT: Testified in favor of HCR 3.

BOB MILLER, Owner  
Circle Hot Springs  
Fairbanks, Alaska  
POSITION STATEMENT: Testified in opposition to HCR 3.

DAVID LEONE  
Fairbanks, Alaska  
POSITION STATEMENT: Expressed concerns relating to HCR 3.

KARA MORIARTY, President and Chief Executive Officer  
Greater Fairbanks Chamber of Commerce  
Fairbanks, Alaska  
POSITION STATEMENT: Testified in favor of HCR 3.

LAURENCE BREDEMAN  
Tanana Chiefs  
Fairbanks, Alaska  
POSITION STATEMENT: Expressed concerns relating to HCR 3.

**ACTION NARRATIVE**

**TAPE 03-2, SIDE A**

Number 0001

**CO-CHAIR BEVERLY MASEK** called the House Transportation Standing Committee meeting to order at 1:34 p.m. Members present at the call to order were Representatives Masek, Holm, Fate, Kohring, Heinze, and Kookesh. Representative Kapsner arrived while the meeting was in progress. Also present was Representative Guttenberg.

HCR 3-SUPPORT ROADS/HOT SPRINGS LOOP ROAD

CO-CHAIR MASEK announced the order of business would be CONCURRENT RESOLUTION NO. 3, "Relating to economic development generated by new road construction and to the design and

construction of the Hot Springs Loop Road to connect Chena Hot Springs and Circle Hot Springs."

Number 0111

CO-CHAIR HOLM, sponsor of HCR 3, noted that the committee packet included a copy of the resolution with a fiscal note showing no dollars, and a letter of support from the Greater Fairbanks Chamber of Commerce. He said this particular road possibility is related to economic development generated by new road construction and to the design and construction of the Chena Hot Springs Loop Road, which would connect Chena Hot Springs and Circle Hot Springs. He said the idea was to open up areas that are not frequently used, such as the Steese National Conservation area, for tourism. Co-Chair Holm stated that the purpose of the committee hearing would be fact-finding and to see what people's ideas are regarding a possible road. Co-Chair Holm alluded to the Xeroxed map before the committee and explained that the orange highlighted line delineates the areas that are state lands from the Steese National Conservation area. He pointed out that the road would very possibly pass through the conservation area. He added that the proposed road was listed in the Fairbanks Chamber of Commerce's top 13 roads for economic development for the Fairbanks area.

Number 0305

REPRESENTATIVE KOOKESH inquired as to the length of road, and also the distance from Chena Hot Springs to the Steese Highway.

CO-CHAIR HOLM responded that a rough approximation of the road would be between 100 and 120 miles, and that the distance from Chena Hot Springs to the Steese Highway would probably not be more than approximately 30 miles.

REPRESENTATIVE KOOKESH expressed concern about potential difficulties involved with building a road through a conservation area, noting that a lot of permitting may be required.

Number 0484

REPRESENTATIVE FATE inquired as to the highest point of terrain in the area and also asked if there would be any stream crossings, which would entail bridges and would therefore involve considerable expense.

CO-CHAIR HOLM responded that the intent is to see if there is enough interest to pursue the project, and that at this point, the route is not yet specified.

REPRESENTATIVE FATE noted that he is interested in any good proposal for the state's transportation system, and said that it is a matter of prioritizing, timelines, and having available funds. He said the state needs a transportation system and he is for a well thought-out transportation infrastructure.

Number 0567

REPRESENTATIVE HEINZE asked why Chena Hot Springs and Circle Hot Springs were not being connected by the Steese Highway.

CO-CHAIR HOLM responded that the intention is not just to connect the two points, but also to make a loop that would provide a tourist destination. He also said there is difficulty keeping the Steese Highway clean of snow in the winter, and this would allow for more than one access.

CO-CHAIR MASEK, hearing no more questions for the sponsor from committee members, asked for public testimony.

Number 0710

RALPH D. SWARTHOUT, Regional Director, Northern Region, Department of Transportation & Public Facilities (DOT&PF), testified in support of the project, for the department and for himself, saying it represents a significant opportunity for recreational and tourism enhancement and economic development; he also said it falls in line with the governor's program of new roads and economic development in the state. He stated that he has proposed, to the commissioner, that a reconnaissance project, which would take about one year to complete, be done next year, to be included in the Statewide Transportation Improvement Program (STIP). He explained that a reconnaissance study allows for a look at solutions, benefits and costs of the proposed project, and a preliminary look at social, economic, and environmental issues associated with the project. He said the results of a reconnaissance study would be either to recommend proceeding with the project, going to an environmental study, canceling, or deferring the project. He said the study would provide answers to issues, and could be done in a year's time for one-quarter million dollars. In response to an earlier question from Representative Kookesh, he added that this project

would involve 55 or 60 miles of new road, and the loop itself out of Fairbanks would be about 250 miles long.

MR. SWARTHOUT responded to a question from Representative Heinze, confirming that the one-quarter million-dollar cost of the study would be to take a preliminary look; however, he said an Environmental Impact Statement (EIS) would be in excess of one million dollars. He said the reconnaissance study would provide ideas about what routes are available, what streams would be crossed, what geotechnical issues would be involved, and ways to deal with the Steese White Mountain area as well as Birch Creek, which is a problematic area because it is a wild and scenic river. He said it was important to bring these issues together and make a recommendation in a believable document showing the benefits and costs of the project, rather than diving into a more costly EIS.

Number 0981

BOB MILLER, Owner, Circle Hot Springs, testified, stating that he was 85 years old, had worked on roads since he was 15 or 16 years old, and was very familiar with roads. He said that although he thinks this is a wonderful idea, in terms of prioritizing he suggested that the 18-mile stretch of road between Central and Circle City be repaired first, because it is so dangerous. He said that even though this proposed road would benefit his business, he recommends repairing the 18-mile stretch first, because it would benefit the general public.

MR. MILLER continued by saying he does not understand who or what is behind the resolution, and that he does not understand why he was not contacted; he said the proposed road is on wetlands, and is contrary to the environmentalists and the [U.S. Army] Corps of Engineers.

Number 1238

DAVID LEONE testified, acknowledging that the area under discussion was a beautiful section of the state with limited access, and said his concern was that the road between these two hot springs would in fact be used for mining first, and tourism second. He said he did not have a problem with economic development requiring the use and access of natural resources, however he asked that expectations be clarified up-front; he said that as a citizen he would appreciate such clarification. He also expressed concern for ongoing year-round road

maintenance, particularly winterization, as a long-term budgetary concern.

Number 1366

KARA MORIARTY, President and Chief Executive Officer, Greater Fairbanks Chamber of Commerce, testified, and noted there was a letter of support for this project. She said that in October the chamber met with officials from the North Star Borough, the City of Fairbanks, the City of North Pole, DOT&PF, and others. The purpose of the meeting was to arrive at a general consensus on projects and proposals to submit to Congressman Young, as Chairman of the House Transportation Committee. She reported this was one project they decided to lend support to, although it is not in their top five priorities. She said they are interested in looking at different areas and ideas to increase commercial, mining, recreational, and winter-tourist activity. She said the chamber is supportive of the concept, and of the study regarding the road.

REPRESENTATIVE HEINZE asked if the Fairbanks Chamber of Commerce had contacted either Mr. Miller of Circle Hot Springs or Bernie Karl of Chena Hot Springs, and also asked if those gentlemen were members of the chamber.

MS. MORIARTY responded that Chena Hot Springs is a member of the chamber, although she had not spoken with Mr. Karl. She said she does not believe Mr. Miller is a member of the chamber, and that she has not had a personal conversation with either men. Ms. Moriarty continued in response to a question from Co-Chair Holm by saying that it was not protocol for the board to contact all involved parties for a proposed project. She mentioned that there were about 20 people at the committee meeting, and 33 members on the chamber's board of directors, including someone from the tourism industry, and that those 50 or so people were supportive of the concept. She said Mr. Karl usually dials in from Chena Hot Springs, although the chamber did not contact him directly.

Number 1591

CO-CHAIR HOLM said that Mr. Karl is aware of the project, and has not necessarily talked in favor of it because he thinks there are other priorities in the state; however, he is not against it, either. Co-Chair Holm said that he and Senator Wilken were looking at a loop road because it would afford Fairbanks a beneficial destination for tourists. He noted that

his chief of staff had contacted Mr. Miller and invited him to testify.

REPRESENTATIVE HEINZE suggested that perhaps some of the wording be changed, from "connect Chena Hot Springs and Circle Hot Springs", in order to clarify the concept of the road being part of a loop out of Fairbanks.

Number 1683

REPRESENTATIVE KAPSNER asked how many businesses would be positively affected in the Chena and Circle Hot Springs areas, and also asked how lucrative the tourism industry boost would be, if this project were to move forward.

MS. MORIARTY said that Mr. Karl operates the major business in Chena Hot Springs, which has several hundred rooms, a convention center, a swimming pool, et cetera. She said he offers a lot of recreation and is not at capacity either in summer or in winter, and is always looking for new opportunities.

MR. MILLER responded by saying there are at least 15 businesses in the Circle Hot Springs area that would be affected along the road.

REPRESENTATIVE KAPSNER asked how lucrative this would be in terms of Japanese tourists, or other tourist markets.

MS. MORIARTY said there is an estimated three or four thousand visitors to the Interior, many from Japan who come for aurora borealis viewing; however, she said that someone from the visitor industry would be better equipped to answer the question.

MR. MILLER added that the focus of Circle Hot Springs has been on Alaskans rather than on tourists. He said there are new developments occurring, such as a bus service, which will be available this year.

REPRESENTATIVE KOHRING stated that he supports road expansion, and recommends that the sponsor consider giving more emphasis to economic development, in addition to tourism, to include developing resources such as timber, mining, shallow gas, or coal. He said this would enhance the prospect of getting the resolution through the legislative process, especially if it costs millions of dollars to build the road.

Number 1973

LAURENCE BREDEMAN testified on behalf of the Tanana Chiefs, representing Circle City. He said their priority is the stretch of road between Central and Circle City. Mr. Bredeman agreed with Mr. Miller's description of the road, confirming that it is scenic and unsafe, and is in very poor shape. He said that while the prospect of the proposed road is exciting, Tanana Chiefs' priority is concern for the people who live in the villages. Although tourism is important, he asked that the legislature not forget that priorities should be with Alaskan residents. He expressed concern that this be a situation in which everybody wins, rather than a situation in which they are losers in a win-lose situation.

CO-CHAIR MASEK noted that Co-Chair Holm had previously stated that this was a fact-finding mission, and that the committee was on the right track because at this point they were wanting to get opinions and ideas, and were soliciting input from the public.

REPRESENTATIVE FATE asked if there had been an assessment of the need for an upgrade on the stretch of road between Circle City and Central.

MR. SWARTHOUT responded by saying that a location study was completed and the need to upgrade the road between Central and Circle City had been recognized, as other needs in the region have been recognized. He said he was fairly sure that a complete location study, not a reconnaissance study, had been done 15 years ago. He said he travels that section of roadway several times a year, and the testimony is correct: it needs some work.

Number 2172

REPRESENTATIVE FATE said he is perplexed that nothing has been done in the past 15 years, if the description of road between Circle City and Central is accurate.

MR. SWARTHOUT replied that needs in Alaska are great, and that the road is not more life-threatening than others such as the Taylor Highway from Chicken to Eagle, the McCarthy Highway from Chitina to McCarthy, or the Denali Highway from mile 21 to Cantwell. He confirmed that it is a narrow, dirt, winding road with site-distance problems, and that it is important to pay close attention while driving; however, he said this was not "an

accident waiting to happen." He said he supports more money flowing north, since there is a large need that is not being met on a continual basis.

REPRESENTATIVE KOHRING said that if this project were to advance to the STIP process and compete for funding, then involving other industries that also wanted access into this area, such as the mining industry, would expedite the process.

CO-CHAIR HOLM said he did not know what the restrictions would be, as the majority of the road would be in a conservation area. He said perhaps Representative Fate would have an understanding of this process.

REPRESENTATIVE FATE said that at the time this was made into a conservation unit, he was a miner, and most of the people with placer claims were forced to move out, so there is literally no mining industry in the area at the present time. He said it would be very difficult to develop this area for mining.

Number 2215

CO-CHAIR MASEK asked for further elaboration on types of mining.

REPRESENTATIVE FATE differentiated placer mining from hard-rock mining. He explained that placer mining involves mining alluvial deposits such as gravel, whereas hard-rock mining requires crushing rock until it is talcum-powder fine, and then separating the mineral or metal from the rest of that rock before further refining it. He explained that the initial mining is either on the surface, where dynamite is used to blast out huge tonnages of rock, or it is done by tunnel, as in horizontal and vertical shafts, that go into the heart of the mountain. He said that placer mining takes place in streambeds, and is done by a dragline or a dredge that refines the alluvial deposits through a series of sluice boxes. In response to a question from Co-Chair Masek, Representative Fate said the conservation area was opened up in the mid to late '80s.

**TAPE 03-2, SIDE B**

Number 2382

MR. MILLER reiterated that he has been driving just about every other day for 72 years, knows the roads very well, and thinks the 18-mile stretch from Circle City to Central is perhaps the most dangerous road in Alaska that he has seen. He said the first part of the road from Central into Circle City is all

right, but coming from the other direction, from Circle City, is absolutely dangerous.

CO-CHAIR MASEK said she raced the Iditarod for four years, and when the mining was booming, roads were built where she mushed her team into Ruby. She said the infrastructure exists, but the question of what to do with it remains.

MR. MILLER commented on how important roads are, how they open up "a heck of a country" and that a road from Fairbanks to Bethel, or a road to Nome is extremely important.

CO-CHAIR MASEK said HCR 3 would be held in committee.

#### **ADJOURNMENT**

There being no further business before the committee, the House Transportation Standing Committee meeting was adjourned at 2:25 p.m.