

**MINUTES**  
**SENATE FINANCE COMMITTEE**  
**May 02, 2003**  
**4:16 PM**

**TAPES**

SFC-03 # 74, Side A  
SFC 03 # 74, Side B

**CALL TO ORDER**

Co-Chair Gary Wilken convened the meeting at approximately 4:16 PM.

**PRESENT**

Senator Gary Wilken, Co-Chair  
Senator Lyda Green, Co-Chair  
Senator Con Bunde, Vice Chair  
Senator Robin Taylor  
Senator Ben Stevens  
Senator Lyman Hoffman  
Senator Donny Olson

**Also Attending:** NANCY SLAGLE, Director, Division of Administrative Services, Department of Transportation and Public Facilities; JOHN MACKINNON, Deputy Commissioner of Highways and Public Facilities, Department of Transportation and Public Facilities; TOM BRIGGS, Deputy Commissioner, Director, Marine Operations, Marine Highway System, Department of Transportation and Public Facilities;

**Attending via Teleconference:** From offnet: CHARLIE FANNON, Communications Officer, Wasilla Police Department; From Kenai: CHUCK KOPP, Chief, Kenai City Police Department; From Fairbanks: MILTON WILTSE; PAUL JENNY;

**SUMMARY INFORMATION**

SB 100-APPROP: CAPITAL PROJECTS

The committee considered amendments to the Senate Finance committee substitute and heard public testimony. The bill was held in Committee.

#SB100

SENATE BILL NO. 100

"An Act making capital appropriations and reappropriations; capitalizing a fund; 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."

Amendments were offered to CS SB 100, 23-GS1003\Q, adopted as a working draft at a previous hearing.

Amendment #1: This amendment renames the "Fairbanks Public Health Center Repair and Back-up Generator (ED 7-11)" component in the Department of Health and Social Services on page 25, lines 14 and 15, to be "Fairbanks Public Health Center Repair (ED 7-11)".

This amendment also renames the "Mike Street, Bonanza Road, Nielson Way - Chip Sealing, Drainage, and Recycled Asphalt Program (ED 17-32)" in the Grants to Municipalities (AS 37.05.315) Budget Request Unit (BRU) in the Department of Community and Economic Development on page 8, lines 17 - 20 to be "Municipality of Anchorage - Mike Street, Bonanza Road, Nielson Way - Chip Sealing, Drainage, and Recycled Asphalt Program (ED 17-32)".

This amendment also renames the "Chugiak Birchwood Eagle River Rural Road Service Area (CBERRRSA) Road and Drainage Rehabilitation (ED 17-32)" in Municipal Capital Matching Grants (AS 37.06.010) on page 55, lines 13-17 to be "Anchorage Chugiak Birchwood Eagle River Rural Road Service Area (CBERRRSA) Road and Drainage Rehabilitation (ED 17-32)".

This amendment also changes the funding source of \$200,000 general funds to other funds for the Snowmobile Trail Development and Program Grants (ED 99) in the Department of Natural Resources, on page 29, lines 12 - 14. Accompanying explanatory language reads, "This change replaces general funds with receipt supported services funding."

This amendment also renames the "City of Homer/Kachemak Emergency Service Area - Fast Attack Fire Engine (ED 33-35)" component from the Grants to Municipalities (AS 37.05.315) BRU, in the Department of Community and Economic Development on page 4, lines 12 - 15 to be "Kenai Peninsula Borough/Kachemak Emergency Service Area - Fast Attack Fire Engine (ED 33-35)".

This amendment also deletes the "Fairbanks North Star Borough - Old Valdez Trail Construction (ED 7-11)" component and \$302,500 general funds appropriation from the Grants to Municipalities (AS 37.05.315) BRU, in the Department of Community and Economic

Development on page 6, lines 11 - 13.

This amendment also adds a "Fairbanks - Improvements to the 23 Mile Slue Road between the service area and Boondox (ED 7-11)" component to the Department of Transportation and Public Facilities on page 33, following line 13 and appropriates \$302,500 general funds.

This amendment also deletes the "Kenai Peninsula Borough - Joint Municipal Water and Sewer System Analysis (ED 33-35)" component and \$150,000 general fund appropriation from the Grants to Municipalities (AS 37.05.315) BRU, in the Department of Community and Economic Development on page 6, lines 22 - 25.

This amendment also adds a "City of Kenai - Joint Municipal Water and Sewer System Analysis (ED 33 - 35)" to the Grants to Municipalities (AS 37.05.315) BRU, in the Department of Community and Economic Development on page 4, following line 20 and appropriates \$75,000 general funds.

This amendment also adds a "City of Soldotna - Joint Municipal Water and Sewer System Analysis (ED 33-35)" to the Grants to Municipalities (AS 37.05.315) BRU, in the Department of Community and Economic Development on page 5, following line 19 and appropriates \$75,000 general funds.

Accompanying explanatory language reads as follows.

A net-zero amendment to a \$150,000 appropriation to the Kenai Peninsula Borough. The utilities conducting the analysis are owned by the city, and therefore, the funds will be divided equally between the two local governments.

Co-Chair Wilken moved for adoption and detailed the items included in the amendment. He listed the first item would delete funding for a back-up generator at the Fairbanks Public Health Center because the Golden Valley Electric Association was installing "a multi-million back-up battery system, the world's largest battery system that will eliminate blackouts and brownouts."

Co-Chair Wilken stated the second item, the Municipality of Anchorage - Mike Street, Bonanza Road, Nielson Way - Chip Sealing, Drainage, and Recycled Asphalt Program, reflects a "change of recipient" of the funds. He stated that the Anchorage Chugiak Birchwood Eagle River Rural Road Service Area (CBERRRSA) Road and Drainage Rehabilitation (ED 17-32) items is a "name change".

Co-Chair Wilken explained the Snowmobile Trail Development and Program Grants item would be funded with SNOWTRAK funds, generated

from \$25 licensing fees for snow machines.

Senator Taylor noted this was related to testimony received by the Committee and that he supports this item.

Co-Chair Wilken stated the Kenai Peninsula Borough/Kachemak Emergency Service Area - Fast Attack Fire Engine item reflects a recipient change from the City of Homer to the Kenai Peninsula Borough

Co-Chair Wilken then noted that the Old Valdez Trail and 23 Mile Slue Road are different names of the same road and that the project remains unchanged.

Co-Chair Wilken informed that the deletion of the Kenai Peninsula Borough - Joint Municipal Water and Sewer System Analysis component and addition of the City of Kenai - Joint Municipal Water and Sewer System Analysis component and the City of Soldotna - Joint Municipal Water and Sewer System Analysis results in a net zero change. He stated "utilities conducting the analysis are owned by the cities and therefore the funds will be divided equally between the two local governments."

The amendment was ADOPTED without objection.

Amendment #2: This amendment deletes "made for" and inserts "that take effect in" in subsection (b) of Section 13. CONSTITUTIONAL BUDGET RESERVE FUND., on page 78, line 25. The amended language reads as follows.

(b) If the unrestricted state revenue available for appropriation in fiscal year 2004 is insufficient to cover the general fund appropriations that take effect in fiscal year 2004, the amount necessary to balance revenue and general fund appropriations is appropriated to the general fund from the budget reserve fund (art. IX, sec. 17, Constitution of the State of Alaska).

This amendment also inserts a new subsection in Section 13. CONSTITUTIONAL BUDGET RESERVE FUND., on page 78, following line 27 to read as follows.

(c) The sum of \$125,000 is appropriated from the budget reserve fund (art. IX, sec. 17, Constitution of the State of Alaska) to the Department of Revenue, treasury division, for the fiscal year ending June 30, 2004, for investment management fees for the budget reserve fund (art. IX, sec. 17, Constitution of the State of Alaska).

Co-Chair Wilken moved for adoption and explained this is conforming language to the House Finance Committee version of the FY 04 operating budget committee substitute. He noted similar language must be included in the FY 04 capital budget as well. He stated this language, "provides the annual appropriation to the Department of Revenue for the management of the CBR [Constitutional Budget Reserve]" fund.

There was no objection and the amendment was ADOPTED.

Amendment #3: This amendment increases the appropriation of other funds to the Statewide Federal Programs BRU in the Department of Transportation and Public Facilities on page 33, line 14, from \$79,475,000 to \$82,475,000.

This amendment also adds a "Statewide Congestion Mitigation and Air Quality (CMAQ) Projects" component to the Statewide Federal Programs BRU in the Department of Transportation and Public Facilities on page 33, line 14 and allocates \$300,000 other funds. Intent language is also inserted to read as follows.

It is the intent of the legislature that these funds are to meet air quality objectives as determined by ADEC [Alaska Department of Environmental Conservation] recommendations, including a priority on ensuring that federally designated non-attainment areas under the federal Clean Air Act achieve and sustain a 'Maintenance' status as defined in the Act.

Accompanying explanatory language reads as follows.

This amendment creates a new allocation under the appropriation for Statewide Federal Programs. There is an additional \$3,000,000 expected for statewide CMAQ projects from the Federal-Highway Administration.

Co-Chair Wilken read the explanatory language and the intent language into the record and moved for adoption.

Senator B. Stevens asked the number of non-attainment areas.

Co-Chair Wilken listed two: Anchorage and Fairbanks.

Without objection the amendment was ADOPTED.

Amendment #4: This amendment renames the "Parks Highway Traffic Signal (ED 13-16)" component in the Department of Transportation and Public Facilities on page 33, lines 10 and 11 to be "Parks

Highway Traffic Signal at Church Street (ED 13-16)". Accompanying explanatory language reads as follows.

There are many miles of Parks Highway. This name change is requested to reflect the precise location where this traffic signal is to be installed in the City of Wasilla.

Co-Chair Green moved for adoption.

Co-Chair Wilken read the explanatory language into the record.

Senator Hoffman asked if this is the "same location that the Department envisioned."

Co-Chair Green assured the Department has planned to install the signal at the Church Street intersection, as reflected in the budget request language.

The amendment was ADOPTED without objection.

Amendment #5: This amendment adds a "City of Palmer - Palmer Public Safety Building Security Improvements (ED 13-16)" component and \$26,250 general fund appropriation in the Grants to Municipalities (AS 37.05.315) BRU, in the Department of Community and Economic Development on page 5, following line 6.

This amendment also deletes the "Palmer Public Safety Building Security Improvements (ED 13-16)" component and \$26,500 general fund appropriation from the Department of Public Safety on page 30, lines 17 - 19.

Accompanying explanatory language reads as follows.

The city owns the public safety building in Palmer, not the Department of Public Safety. Therefore, this should be a grant to a municipality under AS 37.05.315.

Co-Chair Green moved for adoption and explained the "assumption" that these funds should be appropriated for public safety purposes. She informed that all public safety agencies operating in the portion of the Mat-Su Valley area are located in this building, including the Alaska State Troopers, Fish and Wildlife Protection and a "major dispatch center".

There was no objection and the amendment was ADOPTED.

Amendment #6: This amendment adds a "Division of Parks - Lower Kenai River Public Use Impact Study" component and \$100,000 Fish

and Game Fund appropriation to the Department of Natural Resources on page 27. Accompanying explanatory language reads as follows.

This project allows the Department of Natural Resources to conduct a public analysis on the impact of overcrowding on the lower Kenai River by recreational user groups. The previous administration imposed a hasty guide moratorium on the Kenai River and the current administration rescinded that moratorium. This CIP [Capital Improvement Project] will enable the Department to seek the input of recreational users and businesses before any further use restrictions are imposed.

This amendment also adds a "Division of Wildlife Conservation - Laboratory Remodel" component and \$150,000 Fish and Game Fund appropriation to the Department of Fish and Game on page 23. Accompanying explanatory language reads as follows.

This CIP request was submitted by the Office of Management and Budget on March 24, 2003. Backup is attached [copy on file.]

Co-Chair Wilken moved for adoption and read the explanatory statements into the record.

Senator Taylor was disturbed by the intent that the Division of Parks would become involved in a moratorium on guided sport fishing on the Kenai River and essentially institute a limited entry program. He questioned the constitutionality of these actions and predicted it would have significant impact on this recreational resource. He recognized the problem with overcrowding of the area, but asserted that more recreational opportunities and access to these opportunities is the solution.

Senator Taylor withdrew his objection to the adoption of the amendment.

Co-Chair Wilken indicated backup information is provided.

The amendment was ADOPTED without objection.

Amendment #7: This amendment deletes the "Alaska Marine Highway - Juneau-Petersburg Fast Vehicle Ferry (ED 1-5)" component and \$40,000,000 federal fund allocation in the Surface Transportation Program BRU of the Department of Transportation and Public Facilities, on page 41, lines 12 - 14.

This amendment also deletes the "Alaska Marine Highway - Ketchikan-Wrangell-South Mitkof Fast Vehicle Ferry (ED 1-5)" component and \$28,000,000 federal fund allocation in the Surface Transportation

Program BRU of the Department of Transportation and Public Facilities, on page 41, lines 22 - 25.

This amendment also adds a "Alaska Marine Highway: Ferries, Terminals and Connector Roadways" component and \$68,000,000 federal fund allocation in the Surface Transportation Program BRU in the Department of Transportation and Public Facilities on page 40, lines 29 and 30.

Co-Chair Wilken moved for adoption and objected to the motion. He requested the Department of Transportation and Public Facilities speak to the amendment.

TOM BRIGGS, Deputy Commissioner, Director, Marine Operations, Marine Highway System, Department of Transportation and Public Facilities, outlined the amendment.

Mr. Briggs indicated another change that is not included in the language of Amendment #7 [copy not provided]. He explained this as a \$10.5 million reappropriation from FY 02 and \$12 million from FY 03 for a "feasibility study and construction of connecting roadways to the Marine Highway System (MHS)."

Senator Taylor clarified that this item would be addressed separately as a reappropriation.

Mr. Briggs relayed that Governor Murkowski supports "short connector roads", as part of the MHS and that time is needed to evaluate the suitability of "short vessel runs" between short connector roads in southern Southeast Alaska. Mr. Briggs furthered that time is necessary to evaluate the role of fast ferries in providing "some of these runs" and the most suitable locations. He surmised the funds requested in this amendment would be sufficient to accomplish these studies.

Co-Chair Wilken noted the funds in question are federal receipts and asked if the federal government has approved this change.

Mr. Briggs was unsure.

Senator Hoffman asked if the "stakeholders" in Southeast Alaska, through the Southeast Conference, have been consulted on the matter.

Mr. Briggs replied that the Southeast Conference is in support of short connector roads and "short shuttle ferries." Although the organization has not seen Amendment #7, he spoke as past president of the Southeast Conference in surmising that it would support the

amendment due to previous support of initial fast vehicle ferries as well as an "inter-mobile short roads system throughout Southeast Alaska." He pointed out this proposal would enhance that program. He told of a study the organization conducted, which reflected short connector roads and short ferry runs.

Senator Hoffman announced that without specific direction from the Southeast Conference he would not support this amendment.

Senator Taylor emphasized that the witness served as president of the Southeast Conference for several years. Senator Taylor understood that the Conference recommended to the governor that one fast ferry be utilized for one year, at which time the program would be evaluated before further fast ferries were constructed and a Southeast transportation plan were finalized. Therefore, he opined this amendment complies with the request and intent of the Conference.

Mr. Briggs commented, "The best plans are always modified somewhat," including the Southeast Conference recommendation. He informed that two fast ferries were currently under construction, one to operate in Southeast and the other in the Prince William Sound. He reported that the communities of Prince William Sound "are very excited" about the commission of a fast ferry in the region, which would be home-ported in Cordova and would serve Valdez, Whittier, Chenega and Tatitlek. He stated that the other ferry is scheduled for completion and delivery to Juneau on January 19, 2004, would be home-ported in Sitka and would serve Sitka and Juneau and possibly other locations dependant upon traffic demands.

Mr. Briggs indicated that two other planned vessels were included in the Southeast Alaska Transportation Plan although they did not receive approval from the Southeast Conference. He stated that the Conference never had an opportunity to discuss the matter. He opined that the Conference would support "the concept of a third fast vehicle ferry if it would provide access where there is no road access." He reiterated that the federal funds provided in this amendment would allow the Department to determine the feasibility of fast vehicle ferries as well as interconnection for the MHS.

Senator Taylor spoke to authorization for the use of the federal funds as proposed in the amendment. He explained the "funding mechanism is called SHAKWAK funds, which is a geological fault that is followed by our Alcan Highway. When the Alcan needed repairs and work done it many years ago, our Congress appropriated these funds, 100 percent, no State match, to rebuild the Alcan Highway in both the Alaskan and Canadian portions of that road. Over the years, the delegation has continued to provide funding into that category, but

has added [three] other designators. It's not only for the Alcan, but it was also to be specifically used for the Haines Cutoff, for the Skagway road and for the Southeast AMS. These funds are coming through SHAKWAK Southeast highway connector system, which specifically includes the language that you see, the new language, which is 'feasibility for terminals and connector roads'. That's the federal authorization. So has it been approved by Washington DC? It was funded for that purpose out of Washington DC."

Senator Hoffman contended that the two allocations proposed for deletion by this amendment have been included in the Governor's amended FY 04 operating budget request for over one month and during this time, he heard no opposition to the items or suggestions for changes from any residents of Southeast Alaska. He noted this amendment has been available for less than one hour and has had no public input. He did not oppose the amendment, but expressed concern with the limited time to address the matter and he therefore could not support its passage.

Co-Chair Wilken noted the affected areas are not within his election district; however, he asserted "when the elected representatives, the Governor and the person that's in charge of the Marine Highway System recommends this amendment to me, I'm encouraged to vote for it and I will vote for it."

Senator B. Stevens expressed concern over the uncertainty of federal approval for use of the funds in the manner proposed by the amendment and asked the length of time the SHAKWAK appropriations have existed.

Mr. Briggs answered that the SHAKWAK funds has been cumulative for about six years.

Senator B. Stevens asked the original purpose of the funds.

Mr. Briggs replied the funds were initially intended for repair and upgrade expenses of the Alcan Highway in the Canadian portion and is currently allocated under the federal highway program for the Haines Cutoff Road and the MHS.

Senator Taylor offered to provide documentation of the authorization language that specifies the Alcan Highway, Haines Cutoff Road and Skagway road and MHS "road connectors". He qualified that no appropriation has yet been made of the \$68 million included in this amendment.

Senator Hoffman objected to the adoption of the amendment.

A roll call was taken on the motion.

IN FAVOR: Senator B. Stevens, Senator Taylor, Senator Bunde, Co-Chair Green and Co-Chair Wilken

OPPOSED: Senator Olson and Senator Hoffman

The motion PASSED (5-2)

The amendment was ADOPTED.

Amendment #8: This amendment is outlined in a memorandum from Mike Barton, Commissioner, Department of Transportation and Public Facilities to Cheryl Frasca, Director, Office of Management and Budget dated May 2, 2003, which reads as follows.

The Department of Transportation and Public Facilities is requesting amendments to the capital budget bills (HB 150 and SB 100) before the Legislature.

#### Rural Airport Projects

The Department is requesting the following changes to rural airport capital projects:

#### Amend

##### Chevak: Snow Removal Equipment Building

Increase from \$50,000 to \$200,000 federal receipt authority. The cost to build this structure has increased over previous estimates. This amount is needed in addition to an FY 03 appropriation to bring the total estimated cost to \$750,000.

#### Add

##### Scammon Bay: Airport Snow Removal Equipment Building

\$100,000 federal receipts. Reflects revised Airport Improvement Program request. This project will upgrade the Scammon Bay Snow Removal Equipment Building.

##### Statewide: Various Airport Snow Removal Equipment

\$4,300,000 federal receipts. This was inadvertently omitted from the Department's original request. The project provides federal authority to purchase new or replacement snow removal equipment at several rural airports.

#### Surface Transportation Projects

The Department's current AMATS [Anchorage Metropolitan Area Transportation Study] and Surface Transportation requests are \$68,734,000 and \$416,092,600.

The following reductions are being requested to various highway projects:

(\$39,906,000) - Over the past year there has been a decrease in the amount of federal fuel tax revenues collected, which have caused a corresponding reduction in the highway construction program. A reduction in specific projects is being requested to reflect delays due to the decreased federal funding.

(\$48,125,000) - This amendment requests project reductions where the Department has determined that adequate project authority already exists to continue work through FH 04.

(\$1,205,000) - Also being requested is a reduction in TRAAK [Trails and Recreation Access for Alaska] projects to reflect a program allocation decrease.

The following additions are being requested:

\$55,416,000 - New or increased federal project authority is being requested where scope changes, funding breakdown, updated estimates or priorities have changed.

\$21,700,000 - Project authority is needed for earmarks contained within the recently approved congressional appropriation bill.

Finally, the amendment contains the elimination of individual pavement and bridge projects and combines them into regionwide allocations. This will provide the regions flexibility in determining their greater need, pavement or bridge repair. Similar adjustments are taking place for AMATS and FMATS [Fairbanks Metropolitan Area Transportation Study] projects.

The net effect of these amendments is a reduction of \$12,220,000 to the AMATS and Surface Transportation appropriation requests. A spreadsheet with the changes is attached [copy on file].

Co-Chair Wilken moved for adoption and requested an explanation from the Department of Transportation and Public Facilities. He stated that the amendment is a result of information regarding a reduction in federal funds received by the Department within the past few days. He said this amendment is a result of the reduced funding.

JOHN MACKINNON, Deputy Commissioner of Highways and Public Facilities, Department of Transportation and Public Facilities testified that each year when preparing the Statewide

Transportation Improvement Program (STIP), the Department estimates the amount of federal funding the State would receive for transportation related projects.

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Mr. MacKinnon continued that the Department has been waiting to learn the amount the State would receive from the National Highway System. He listed the amount received in FY 02 at \$323 million plus \$40 million RABA (Realigned Budget Authority) funds, which he explained as "excess tax revenue that is spread out after the fund is put together." He relayed that the Department "had a fairly optimistic anticipation of what was going to be received this year" of between \$360 million and \$370 million. He expressed the Department's "surprise" when the actual amount was approximately \$306 million. He attributed the Department's expectation on the continuation of the Transportation Equity Act for the 21<sup>st</sup> Century (TEA 21) program, rather than "a reauthorization for the next six-year program."

Mr. MacKinnon stated that because the Department would receive less funding, some projects must be reduced or delayed one year or longer. He informed that the entire STIP was reviewed and priorities were established.

Senator Hoffman expressed concern about the length of this amendment and the recent availability to Members. He asserted the importance of transportation in the district in which he resides. He requested additional time to review the amendment to allow for an educated decision.

Co-Chair Wilken agreed and WITHDREW his motion to adopt the amendment without objection. He announced intent to revisit the amendment at the next hearing on the bill.

Amendment #9: This amendment increases the appropriation of other funds to the Airport Improvement Program BRU of the Department of Transportation and Public Facilities on page 34, line 4 from \$255,040,278 to \$262,227,778.

This amendment also increases the allocation to the "Nome: Airport Right of Way Acquisition (ED 37)" component in the Airport Improvement Program BRU of the Department of Transportation and Public Facilities from \$7,812,500 to \$15,000,000, on page 36, lines 32 and 33.

Senator Olson moved for adoption.

Co-Chair Wilken objected for an explanation.

Senator Olson told of a "recent meeting" in which additional information was learned regarding a land acquisition in his district.

Co-Chair Wilken clarified this amendment is a correction to a drafting error.

NANCY SLAGLE, Director, Division of Administrative Services, Department of Transportation and Public Facilities corrected that the original request was not in error, but rather that this amendment is an updated estimate of the right of way acquisition expense for the Nome Airport project.

Co-Chair Wilken asked if this amendment involves only federal funds.

Ms. Slagle affirmed.

Senator Taylor asked if this amendment relates to repairs to the Nome Airport.

Ms. Slagle replied this amendment would provide funding for a right of way acquisition related to a project at the Nome Airport.

Senator Taylor asked if residents of Nome have been consulted and whether they support this amendment. He also asked if authorization to expend the federal Airport Improvement Project (AIP) funds in this manner has been received.

Ms. Slagle told of the public process undertaken in development of this project.

Co-Chair Wilken removed his objection and the amendment was ADOPTED.

Co-Chair Wilken announced that although this meeting was not noticed for public testimony, some parties expressed an interest to provide testimony, which the Committee would hear.

CHARLIE FANNON, Communications Officer, Wasilla Police Department, and Program Outreach Coordinator for the Mat-Su Area, Alaska Land Mobile Radio (ALMR) project, testified via teleconference from an offnet location in support of funding for phase one of the Alaska Land Mobile Radio project in the Fairbanks area. He expressed support for the State eventually installing a "communications backbone through this area."

Senator Bunde asked if the Wasilla Police Department has determined how it would pay its costs to access the ALMR system when the system is installed in the Mat-Su area.

Mr. Fannon told of federal grants acquired for a region-wide telecommunications center for all public safety agencies in the Mat-Su area to utilize. He expressed that the determination has been made that the ALMR would be VHF and would utilize Motorola radio consuls and the federal grant would be used for sole-source purchasing of these units. In addition, he stated that permission has been secured to allow the Mat-Su project to "piggy back" onto the State contract to purchase units at a lower price. He noted this was done for Fairbanks purchases as well. He qualified the units are not fully compliant with federal telecommunication standards, although "they're closer than anybody else's at this point." He stated that the acquisition of identical units would allow the different public safety agencies in the State to interact seamlessly.

Mr. Fannon informed that subscriber funds to participate in the AMLR system and funds for the annual operating costs have not been determined to date.

CHUCK KOPP, Chief, Kenai City Police Department, testified via teleconference from Kenai on the same subject noting the recent completion of a dispatch center upgrade that would link to the ALMR system. He relayed that all local public safety agencies in Alaska "are very excited about this project and we see it as a common system as it's going to bring all the public response groups to a common site for mutual aid during an emergency, which we've never had before." He listed the multiple agencies that would be able to interact with the ALMR system and the various circumstances in which this communication would be beneficial.

Senator Bunde reiterated his earlier question, asking how the Kenai City Police Department would fund its portions of the project.

Chief Kopp replied that several plans were under consideration based on a percentage of costs shared. He pointed out that the Department has on-going communications expenses and did not expect participation in the ALMR system would significantly increase the costs.

MILTON WILTSE testified via teleconference from Fairbanks about his long interest in mineral development in Alaska. He stated that the airborne geophysical minerals inventory program has been successful over the past several years in cataloging the approximately \$374

million spent on mineral exploration over the past ten years. In reviewing the FY 04 budget legislation, he was unable to ascertain whether this program would be continued. He opined that this program "is paying big dividends to the State" exemplifying that the latest survey has "elicited a new round of staking" on the southern slopes of the Alaska Range. He furthered that this program is a "long term investment in the diversification of the State's economy".

Co-Chair Wilken thanked the testifier, noting that this program is not normally funded from the capital budget. He assured he would research the matter to ensure the continuation of the program. He recalled the project has been funded between \$250,000 and \$400,000 annually.

Senator Taylor appreciated the "huge, huge ramifications for a very small amount spent". He informed that the City of Wrangell is the only city in the nation to contribute to the funding of one of the surveys, and that as a result of the project, major exploration is occurring in the Duncan Canal area and the Cleveland Peninsula area.

Senator Olson also voiced support for the continuation of the program, as landowners and Native corporations in his district also support it.

Co-Chair Wilken noted a technical change to Amendment #9 in that the "Nome: Airport Right of Way Acquisition" component is on line 32 of page 36.

SFC 03 # 74, Side B 05:03 PM

[Note: The following portion of the meeting was not recorded due to an audio malfunction.]

PAUL JENNY testified via teleconference from Fairbanks.

#

**ADJOURNMENT**

Co-Chair Gary Wilken adjourned the meeting at 05:04 PM