

**MINUTES**  
**SENATE FINANCE COMMITTEE**  
**April 7, 2005**  
**9:06 a.m.**

**CALL TO ORDER**

Co-Chair Green convened the meeting at approximately [9:06:30 AM](#).

**PRESENT**

Senator Lyda Green, Co-Chair  
Senator Gary Wilken, Co-chair  
Senator Con Bunde, Vice Chair  
Senator Bert Stedman  
Senator Lyman Hoffman  
Senator Donny Olson

**Also Attending:** CHRIS CHRISTENSEN, Deputy Administrative Director, Alaska Court System; SUSAN TAYLOR, Director, Administrative Services Division, Department of Revenue; PAUL DICK, Chief, PFD Operations, Permanent Fund Dividend Division, Department of Revenue; MIKE MAHER, Director, Division of Information and Administrative Services, Department of Environmental Conservation; DAN EASTON, Director, Division of Water, Department of Environmental Conservation; KIRSTEN RYAN, Director, Division of Environmental Health, Department of Environmental Conservation; MIKE BARTON, Commissioner, Department of Transportation and Public Facilities; NANCY SLAGLE, Director, Division of Administrative Services, Department of Transportation and Public Facilities; KIP KNUDSON, Deputy Commissioner of Aviation, Department of Transportation and Public Facilities; JOHN MACKINNON, Deputy Commissioner of Highways & Public Facilities; Department of Transportation and Public Facilities

**Attending via Teleconference:** From Anchorage: TOM CHAPPLE, Director, Division of Air Quality, Department of Environmental Conservation; From Ketchikan: CAPTAIN JOHN F. FALVEY, General Manager, Alaska Marine Highway System, Department of Transportation and Public Facilities

**SUMMARY INFORMATION**

SB 46-APPROP: CAPITAL BUDGET

The Committee heard budget overviews from the Alaska Court System,

the Department of Revenue, the Department of Environmental Conservation, and the Department of Transportation and Public Facilities. The bill was held in Committee.

#sb46

SENATE BILL NO. 46

"An Act making capital appropriations and appropriations to capitalize funds; and providing for an effective date."

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

#### Alaska Court System

Palmer Courthouse Expansion

\$3,900,000 ASLC Bonds

Reference No.: 39022

Category: Law and Justice

Location: Palmer (Richardson/Glenn Highways)

Election District: Richardson/Glenn Highways

Estimated Project Dates: 07/01/2005 - 06/30/2007

The court system requests funding to complete an addition to the Palmer courthouse to accommodate sufficient judicial staff to handle the caseload.

CHRIS CHRISTENSEN, Deputy Administrative Director, Alaska Court System, appreciated the fact that three Court System projects were included in Governor Frank Murkowski's FY 2006 capital budget.

Mr. Christensen shared that the City of Palmer built the Palmer Courthouse in 1988 under a lease/purchase agreement with the State. An expansion in 1999 provided two more courtrooms, for a total of five, in order to accommodate four resident court judicial officers as well as regularly scheduled hearings conducted by a visiting Anchorage judge. Currently, six resident judicial judges preside over court hearings in Palmer in addition to the visiting Anchorage judge, and the facility's office and courtroom capacity is under capacitated for the increased staffing and workload. The Palmer area's population has increased approximately 70-percent since 1990 and consequently the area's case filings have experienced "dramatic increases". The expectation is that the population growth would continue to grow, and additional judicial positions are also anticipated. The proposed expansion would increase the number of Courtrooms from five to seven. It would also provide additional judicial chambers and clerk space and would relocate the law library. The funding would provide for project design, bid document

development, and construction costs.

Co-Chair Green recounted "the awkwardness" associated with maneuvering judicial staff, witnesses, and those being prosecuted in the current facility. She asked whether the current building was designed for expansion.

Mr. Christensen replied that the Palmer Courthouse and Kenai Courthouse were similarly designed with the exception being that Kenai was built with four rather than three courtrooms. While the design is expandable, this addition would be the final phase, as the size of the property would not allow for further expansion.

Mr. Christensen communicated that night and weekend court hearings are being conducted, as the current space does not allow all the judges to conduct court hearings "during the standard workday".

Co-Chair Green asked whether the parking lot could be expanded.

Mr. Christensen responded that while there would be sufficient space to meet code requirements for this proposed expansion, no further expansion would be possible

Co-Chair Green noted that inquiries about the availability of surrounding land have been made.

Bethel Courthouse  
\$825,000 Bond Funds  
Reference No.: 40084  
Category: Law and Justice  
Location: Bethel  
Election District: Bethel  
Estimated Project Dates: 07/01/2006 - 06/30/2011  
One-Time Project  
The court system requests funding for improvements to the Bethel courthouse facility.

Mr. Christensen remarked that this request is one of a two-part effort to address the needs of the Bethel facility. The second component, which has been approved in the House of Representatives FY 06 Operating Budget, is a \$92,000 component that would provide for increased expenses associated with space leases. The Bethel Courthouse currently leases 10,000 square feet from the City of Bethel. The Operating Budget component would increase that by 2,600 square feet, in the form of a new addition the City of Bethel would be constructing at the current facility. This request would allow improvements to be made to the existing space.

Mr. Christensen informed the Committee that Bethel is a "high volume Superior Court location". While the area's population is less than 20-percent of that served by the Fairbanks Court System, during the previous year its charged felony volume was approximately 80-percent and its sexual assaults felonies was on par with that of Fairbanks. Furthermore, while its felony caseload was smaller than that of either Kenai or Palmer, its civil jury trials equated to both those communities combined. "It is an incredibly busy Court location considering the size of the population."

[9:12:59 AM](#)

Mr. Christensen stated that currently two Superior Court Judges, two Magistrates, and a visiting Judge from Fairbanks share the facility's single Superior Courtroom and single District Courtroom. The District Courtroom is inadequate to seat the required number of jurors required for a Superior court case. The proposed expansion would provide two Superior Courtrooms, expansion and soundproofing of the jury deliberation room, improved office areas, and security enhancements. The funds provided by this request would support bid document preparation, project management, and construction.

Deferred Maintenance Projects

\$300,000 Bond Funds

Reference No.: 39018

Category: Law and Justice

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2004 - 06/30/2009

On-Going Project

The court requests funding for repairs to building components that have not been sufficiently maintained and whose condition now threatens longevity of the building.

Mr. Christensen noted that the Department's total deferred maintenance needs amount to approximately one million dollars. This request would allow the projects at the top of the Department's priority list to be addressed. Those projects would include cooling and lighting system needs at the Ketchikan Courthouse and basic maintenance needs such as bringing the Dimond Courthouse in Juneau's lighting up to code.

Department of Revenue

Co-Chair Green reminded that the Alaska Housing Finance Corporation project overviews, which comprise the bulk of the Department of Revenue's Capital Budget projects, were presented to the Committee

during the March 23rd hearing on this bill.

Child Support Services IVR KIDS Hotline Replacement  
\$105,000

\$69,300 Fed Rcpts

\$35,700 Rcpt Svcs

Reference No.: 40028

Category: Health/Human Services

Location: Anchorage Areawide

Election District: Anchorage Areawide

Estimated Project Dates: 07/01/2005 - 06/30/2007

State Match Required

One-Time Project

ETS currently provides enterprise shared Interactive Voice Response (IVR) systems support and administration in Anchorage and Juneau to CSSD and 4 other agencies. ETS has recommended that these ages IVR systems be replaced as soon as possible. This project would share the cost of replacing the IVR systems with the other agencies using the shared ETS systems, and would also replace the CSSD KIDS Hotline application with a reliable and effective system for use by clients to check on payment information. Improved customer service is one of CSSD's strategies to achieving their end result of improving the collection and disbursement of child support due to the children served by CSSD.

SUSAN TAYLOR, Director, Administrative Services Division, Department of Revenue, stated that this project would improve interactive communications between the Child Support Services Division and custodial and non-custodial parents. This would result in increased staff efficiency. Improvements in regards to this "Enterprise Project" are also being pursued by the Division of Motor Vehicles, Department of Administration; the Division of Public Assistance, Department of Health and Social Services; and Division of Elections. The Enterprise Technology Services division of the Department of Administration would coordinate the project.

[9:17:35 AM](#)

Child Support Services Computer Replacement Project - Phase 1  
\$162,250

\$107,085 Fed Rcpts

\$ 55,165 Rcpt Svcs

Reference No.: 37810

Category: Health/Human Services

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2005 - 06/30/2006

State Match Required

On-Going Project

This is the start of a second five-year replacement cycle of the computer and printer replacement project. The first five-year cycle was initiated in FY 2000. The agency objective is to replace personal computers, printers, and servers that have exceeded their useful life. With 274 computers in use within the division, a five year replacement plan has 55 computers in that situation, as well as several servers and duplex printers. By replacing units, we will be able to serve our clients quicker and more effectively as well as saving repeated costly repairs to equipment that has exceeded its useful life. The end result is increased customer satisfaction and a better use of state funds.

Ms. Taylor noted that this would be the sixth year of this computer upgrade endeavor. A projection of estimated spending in the out years, as requested by the Committee last year, is included in the project's backup material.

Permanent Fund Dividend Computer Replacement Project

\$117,000 PFD Fund

Reference No.: 40051

Category: General Government

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2005 - 06/30/2010

On-Going Project

This project funds the first year of a newly established replacement cycle for desktop computers, printers, scanners and servers. The cycle is based on warranty and expected useful life. The Permanent Fund Dividend Division, whose mission is to distribute the annual PFD dividend in a timely manner, receives over two million documents annually that must be scanned and processed. Regularly scheduled replacement of equipment that has exceeded its useful life will avoid costly repairs, equipment downtime, and delays in processing, and will help the division achieve their mission. The end result of this effort will be improved customer service to PFD applicants and maintenance or reduction of staff costs.

Ms. Taylor clarified that this is the first time capital funds have been requested by the Permanent Fund Division to upgrade its computers. The Division Director, seated by the Governor Frank Murkowski Administration, directed the Division to establish a computer replacement plan, as none had previously existed. "The Division is very committed to technology"; it has provided tremendous benefit by allowing the Division "to process more

dividends without increasing budgets". The online PFD application filing system experienced technical difficulties the previous year but has been improved, and this year the process is easier and more cost effective. More than 200,000 online PFD applications have been received this year, and such technological advancements would continue to produce cost savings.

Co-Chair Green acknowledged.

Senator Olson asked how many areas of the State might be unable to conduct online filing.

Ms. Taylor responded that information regarding the communities that file online could be provided. The anticipation is that there would always be those who would prefer to paper file, and therefore that option would be available.

Senator Olson asked whether people in Bush Alaska communities such as Shishmaref could conduct online filing.

Ms. Taylor voiced confidence that people from Shishmaref have filed online. People from a variety of small communities as well as people from out-of-State have filed in that manner.

PAUL DICK, Chief, PFD Operations, Permanent Fund Dividend Division, Department of Revenue, assured that the Division has received online applications from Rural areas throughout the State. 211,464 online applications have been filed online this year.

Mobility Coalition Project

\$500,000 Fed Rcpts

Reference No.: AMD 40545

Category: Health/Human Services

Location: Statewide

Election District: Statewide

Estimated Project Dates: 10/01/2005 - 09/30/2010

On-Going Project

The U.S. Department of Transportation, Federal Transportation Act Section 5309 appropriates funding for fixed route capability public transportation projects to the Mental Health Trust Authority (MHTA). The MHTA will use the funding for the Coordinated/Non-coordinated Transportation and Assessment project, which coordinates mobility and human services transportation systems in local communities by polling available resources, i.e. coordinated transportation. Other options may include developing taxi voucher programs, taxi accessibility projects, convertible ambulances, boats, and snowmobile carts.

State Match Required

Ms. Taylor stated that these federal funds have historically been provided to the Alaska Mental Health Trust Authority (AMHTA) through an appropriation to the Department of Transportation and Public Facilities (DOT); however, this year, the funds were inadvertently provided to the AMHTA. This was corrected in the FY 05 Regular Supplemental bill. Upon review, it has been determined that future funds would be better managed were the appropriation provided to the Department of Revenue as the grant administrator. This authorization change is being requested with the FY 06 budget. Therefore, were these federal funds to continue, they would be managed by the Department of Revenue. They would convey the funds to the DOT to administer the grant program.

Co-Chair Green asked for further details about the grant program.

Ms. Taylor expressed that the program would be administered by the DOT; however, the Department of Revenue could gather the information about the grantees.

Co-Chair Green asked that further information regarding the grant process be provided; specifically whether the grantees would be required to provide a program description reflecting how the grantee would provide maintenance and upgrade/replacement funding regarding such things as vehicles.

Ms. Taylor agreed to provide the requested information.

Co-Chair Wilken noted that the request specifies a 50-percent State match. To that point, he asked regarding the absence of that match in the funding details.

Ms. Taylor replied that the State match requirement had already been appropriated in FY 06 budget.

Senator Olson asked about the "convertible ambulances" specified in the Project Description.

Ms. Taylor responded that this information would be provided.

Department of Environmental Conservation

Village Safe Water Project Administration  
\$2,261,800  
    \$1,696,300 Fed Recpts  
    \$ 565,500 G/F Match  
Reference No.: 33820

Category: Health/Human Services  
Location: Statewide  
Election District: Statewide  
Estimated Project Dates: 07/01/2005 - 06/30/2010  
On-Going Project

This project provides funding for the operating cost of the Village Safe Water Program. It contributes to the Division's End Result 2 - Citizens are Protected from Unsafe Sanitary Facilities. Drinking water and sewer projects constructed with grant funds protect rural residents from unsafe sanitary facilities.

State Match Required

MIKE MAHER, Director, Division of Information and Administrative Services, Department of Environmental Conservation, explained that the \$2,261,800 amount specified in this request would fund the administrative expenses for the entirety of the Village Safe Water Program projects overseen by the Department.

Co-Chair Green asked for confirmation that this request would support the administration expenses associated with all the projects in this program.

DAN EASTON, Director, Division of Water, Department of Environmental Conservation affirmed.

Co-Chair Green specified that there would be no need to address each of the Safe Water projects. Each Village Safe Water Program project's budget would be coordinated in a manner similar to the project model utilized by the Denali Commission and as directed by the Governor's Administrative Order regarding the selection, administration, and execution of projects. The projects would be monitored and reports would be required in order "to restore the authority and the decision making to" the Department of Environmental Conservation [DEC] and "the payer." The purpose would be to develop, enhance, and finance each project "in the best way possible". Specific language in this regard would be forthcoming.

Co-Chair Wilken informed the Committee that the Department has developed and maintained a thorough spreadsheet titled "Rural Sanitation Funding Database" that details the history of each Village Safe Water Program project [copy on file]. Copies would be provided to Committee members.

Co-Chair Green agreed that the spreadsheet would be beneficial and would underscore the reason to further the Denali Commissions' model, the Governor's Executive Order, and the aforementioned Intent Language.

Municipal Water, Sewer and Solid Waste Matching Grant Projects  
\$11,035,500

\$6,621,600 ASLC Bonds

\$4,413,900 Fed Rcpts

Reference No.: 33824

Category: Health/Human Services

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2005 - 06/30/2010

On-Going Project

This project provides funding for grants to communities to construct water, sewer and solid waste facilities and the operating costs of the program. It contributes to the Division's End Result 2 - Citizens are Protected from Unsafe Sanitary Facilities. Drinking water and wastewater projects constructed with grant funds protect citizens from unsafe sanitary facilities.

State Match Required

Mr. Easton communicated that this appropriation would support water, sewer, and solid waste infrastructure in communities larger than those provided for by the Village Safe Water Program. While State Funds are primarily utilized, federal grant funds would support certain projects. The ratio of federal/State funds, when applicable, is 75/25 percent respectfully. The 13 projects, Reference Numbers 40130 through 40142, that would be addressed by this appropriation are individually described in the Department's Project Review material.

Co-Chair Green asked the Committee to independently review those projects, as they would not be individually addressed during this hearing.

Village Safe Water Feasibility Studies

\$755,000

\$565,900 Fed Rcpts

\$189,100 G/F Match

Reference No.: 33821

Category: Health/Human Services

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2005 - 06/30/2010

On-Going Project

This project provides funding for grants to small communities to plan water and sewer facilities. It contributes to the Division's End Result 2 - Citizens are Protected from Unsafe Sanitary Facilities. Drinking water and sewer projects

constructed with grant funds protect rural residents from unsafe sanitary facilities.  
State Match Required

Mr. Easton specified that this appropriation request would provide for the feasibility study associated with each of the Village Safe Water projects provided for in Reference Number 33824. The studies would be the basis for the planning of each of the 12 projects, Reference Numbers 40143 through 40154, and the funding ratio is 75/25 percent federal to State respectfully project. This funding is separate from the construction funds associated with each project.

Village Safe water Projects  
\$78,922,700  
    \$ 2,378,000 ASLC Bonds  
    \$59,140,500 Fed Rcpts  
    \$17,404,200 G/F Match

Reference No.: 33822  
Category: Health/Human Services  
Location: Statewide  
Election District: Statewide  
Estimated Project Dates: 07/01/2005 - 06/30/2010  
On-Going Project

This project provides funding for grants to small communities to design and construct water and sewer facilities. It contributes to the Division's End Result 2 - Citizens are Protected from Unsafe Sanitary Facilities. Drinking water and sewerage projects constructed with grant funds protect rural residents from unsafe sanitary facilities.  
State Match Required

Mr. Easton stated that this appropriation would provide for the construction of 67 Village Safe Water projects as reflected on the Project Review Listing material, Reference numbers 40155 through 40222. Funding is again 75-percent federal and 25-percent State match.

Regional Haze Trans-boundary Monitoring Project  
\$750,000 Fed Rcpts  
Reference No.: 40129  
Category: Natural Resources  
Location: Southcentral Alaska  
Election District: Southcentral House Districts 12-36  
Estimated Project Dates: 07/01/2005 - 06/30/2008  
One-Time Project

To establish a monitoring network that will generate quality data which can be used to determine the contribution of

internationally transported pollutants to regional haze impacts within three of Alaska's Class I areas - Denali Park, Tuxedni Island(lower Cook Inlet), and Simeonof Island (southwest of Kodiak).

TOM CHAPPLE, Director, Division of Air Quality, Department of Environmental Conservation, testified via teleconference from Anchorage to explain that this project would provide for air quality monitoring in the four national parks and refuges in the State, including Denali National Park. Federal rules require the Department to "manage and reduce human caused haze in national parks and refuges." Because the majority of the State's haze problem comes from places such as Siberia, China, and Europe rather than from within, this federally funded project is more of effort to document effects imposed by other countries in order to avoid "inappropriately" controlling "our own activities more than is necessary" to control haze pollution.

Data Integration and Network Readiness

\$910,000 Fed Rcpts

Reference No.: AMD 39963

Category: Natural Resources

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2005 - 06/30/2010

One-Time Project

This project is to consolidate, upgrade and integrate Department of Environmental Conservation data stores to allow program information to be shared among divisions, other state and federal agencies and, to provide information for senior department management to make informed decisions in a timely fashion.

Mr. Maher stated that this request is being withdrawn.

Contaminant Monitoring and Incident Response Capability

\$1,500,000 Fed Rcpts

Reference No.: AMD 40550

Category: Health/Human Services

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2005 - 06/30/2010

Amendment

This project captures federal funding to build routine environmental monitoring, food supply surveillance, and incident response capacity for toxic, chemicals and biological contaminating substances or agents. It contributes to the department's End Result #2 by protecting against unsafe food.

KRISTIN RYAN, Director, Division of Environmental Health, Department of Environmental Conservation, informed the Committee that this request would utilize federal funds to provide the necessary equipment to test for toxins in our environment. Acquiring this equipment would allow tests to be conducted in-house rather than contracting with outside laboratories at a per test price of \$3,000. Primary sampling relates to such things as the monitoring of PCBs, PBDEs, which is a very effective fire retardant that is unfortunately "very persistent" and is being absorbed in the food chain, pesticides, and dioxins, which are the byproduct of burning plastic.

Ms. Ryan, responding to a question from Co-Chair Green, stated that a laboratory in Canada currently conducts the tests.

[9:37:32 AM](#)

Animal Disease Surveillance and Monitoring  
\$400,000 Fed Rcpts  
Reference No.: AMD 40471  
Category: Health/Human Services  
Location: Statewide  
Election District: Statewide  
Estimated Project Dates: 07/01/2005 - 06/30/2010  
One-Time Project  
Amendment

This project will build monitoring and surveillance capacity for animal diseases such as Chronic Wasting Disease (CWD), Bovine Spongiform Encephalopathy (Mad Cow) and Scrapie in domestic livestock, game farm animals and wildlife in Alaska. It contributes to the department's End Result #2 by protecting against unsafe food and providing information associated with risks from animal diseases.

Ms. Ryan communicated that this federal funding would complement previous federal funding of \$150,000 that the Department received. This would further surveillance capabilities regarding Transmittable Spongiform Encephalopathies (TSEs) such as Mad Cow Disease and Chronic Wasting Disease (CWD). The latter is of more concern in Alaska as it is a disease that impacts animals with antlers such as moose, reindeer, and deer. These efforts would assist in determining whether CWD "is a problem" in the State. Efforts are being coordinated with the Department of Fish and Game.

Senator Bunde asked whether the State has ever experienced a case of CWD.

Ms. Ryan responded that while no case has been identified, very little CWD investigative work has, to date, been afforded. This funding would further that endeavor. The key to controlling the disease is to locate and eradicate it swiftly. Otherwise, it could spread rapidly.

Senator Olson understood that some of these diseases might produce a sub-viral strain that could infect humans; to that point, he asked whether any such situation has occurred.

[9:40:13 AM](#)

Ms. Ryan responded in the negative. She reminded that Mad Cow disease could affect humans. This disease is tested for at the Palmer slaughter facility and no positive tests have occurred. No CWD disease or other animal to human transmitted infection has been proven. One case of an illness relating to the consumption of moose meat was suspected but not proven.

In response to a question from Senator Olson, Ms. Ryan affirmed that in that case, the victim, who was a woman from Fairbanks, died. She reiterated that no linkage to wild game consumption was confirmed.

Senator Olson spoke in favor of this project, as a breakout of one of these diseases would be "significant".

Denali Commission and Alaska Native Tribal Health Consortium  
Safe Water Projects  
\$12,500,000 Fed Rcpts  
Reference No.: AMD 40551  
Category: Health/Human Services  
Location: Statewide  
Election District: Statewide  
Estimated Project Dates: 07/01/2005 - 06/30/2010  
On-Going Project  
Amendment

This project provides funding for grants to small communities to design and construct water and sewer facilities. It contributes to the Division's End Result 2 - Citizens are Protected from Unsafe Sanitary Facilities. Drinking water and sewerage projects constructed with grant funds protect rural residents from unsafe sanitary facilities.

Mr. Easton communicated that this amendment is the result of the receipt of additional monies provided by the Indian Health Service to the Denali Commission and designated for the Village Safe Water program. This amendment would provide the authority to the

Department to receive those funds.

Co-Chair Green asked whether these funds would support a predetermined project.

Mr. Easton responded in the negative, the request simply reflects funds that would be anticipated in FY 06.

Co-Chair Green asked whether the Department would participate in "the grant process and the decisions-making" pertinent to these funds.

Mr. Easton affirmed that the Department would "conduct the decision-making".

Senator Bunde commented that while "many small communities have been very concerned about the lack of revenue sharing" monies, it appears that the federal government is providing revenue sharing to them.

Co-Chair Green replied that such things are being considered.

This concluded the Department of Environmental Conservation's capital budget requests.

[9:42:31 AM](#)

Department of Transportation and Public Facilities

Co-Chair Green informed the Committee that their packets contain a Department of Transportation and Public Facilities (DOT) Project Review Listing Packet as well as a Project Detail packet containing project backup material [copies on file]. The Department would be presenting a general overview of its Capital Budget projects as opposed to discussing individual projects. Therefore, she urged Committee Members to study and review the detailed packet independently.

MIKE BARTON, Commissioner, Department of Transportation and Public Facilities remarked that the Department's FY 06 Capital Budget requests should be viewed as "an investment" in the State's future. Even though it is "a substantial" request, "it barely scratches the surface of the more than eight billion dollars that Alaskans have identified" in transportation needs.

Co-Chair Green communicated that an effort was made to present the projects in the twelve-page Project Review Listing summary by fund source and area of interest.

Co-Chair Wilken, noting that Members' packet contain several versions of the listings, asked the date of the material being referenced.

NANCY SLAGLE, Director, Division of Administrative Services, Department of Transportation and Public Facilities specified that the packet being referenced is dated February 23, 2005. It includes the Department's original requests as well as the Governor's amendments. Additional amendments would be addressed separately.

Commissioner Barton expressed that the Department's request is "based on our best estimate of how the federal highway reauthorization bill" would develop.

Co-Chair Green asked the status of that federal legislation.

Commissioner Barton stated that the Congressional House of Representatives has passed the bill, and the Senate is considering it. Alaska Senator Lisa Murkowski is a member of the Senate Energy and Public Works Committee, which is, of the three Senate committees that review the bill, the primary committee. Alaska Representative Don Young worked diligently on getting the bill passed by the House. Nonetheless, the bill is one and one-half years behind schedule. The Senate anticipates taking action on the bill this month and a Conference Committee is expected to meet later this month. "The current Continuing Resolution" would expire on May 31, 2005. Therefore, that is the target date for the bill.

Commissioner Barton communicated that the delay at the federal level has made the program difficult to manage because federal funding "has been allocated in pieces, two to three month expenditures at a time". It is difficult to award large contracts under the circumstances.

Co-Chair Green surmised therefore that the process utilized in developing the Capital Budget could be likened to "a best guess" scenario.

Commissioner Barton favored the term "best estimate".

Commissioner Barton stated that the FY 06 Capital Budget projects being proposed includes approximately \$600 million in roads including approximately \$145 million of Governor's Initiatives that provide for such things as congestion relief and economic development for tourism, mining, and the development of infrastructure to support gas pipeline construction activities by the year 2009.

Co-Chair Green asked whether a review of those projects would be provided.

Commissioner Barton affirmed.

Commissioner Barton stated that the FY 06 projects also include in excess of \$400 million in federal matches relating to the Statewide Transportation Improvement Program (STIP) and \$410 million in aviation components including \$210 million for international airport projects specifically a new airport terminal in Fairbanks, two new concourses at the Anchorage airport, and \$200 million in Rural airport projects. Other projects include \$11 million for Department facilities and \$12 million designated for harbors. The total budget request would amount to approximately \$1,100,000,000. The projects would be supported by a variety of funding sources including federal funding such as Federal Highway and Aviation funds and Congressional earmarks, Amerada Hess Bonds, State general funds, International Airport Bonds, and the International Airport Revenue Fund. Approximately \$16 million would come from other miscellaneous funding sources.

Commissioner Barton explained that in addition to the Governor's Transportation Initiative which would include traffic congestion relief projects, the Governor's Transportation Access to Resources Initiative would further roads and economic development projects such as the Bullen Point Road which would transit east from Prudhoe Bay to access prospective oil and gas areas and the Foothills West Road which would segment off the Dalton Highway in the vicinity of Pump Station 2. The Foothills West Road would provide both independent and large producers access to State resource areas. Several bridge projects, passing lanes, and intersection improvements in the Fairbanks area would assist in alleviating congestion relief. Other projects in the Fairbanks area would provide for pipeline transportation infrastructure. Road upgrades such as the five million dollar road upgrade proposed for Stampede Road would benefit tourism industry operations.

Co-Chair Green asked the location of Stampede Road.

Commissioner Barton noted that Stampede Road is located in the Healy area just north of Denali Park.

Commissioner Barton overviewed other Governor's Transportation Initiative projects including the \$30 million improvements proposed for the Glenn Highway and Bragaw Street intersection in Anchorage that would provide congestion relief for both Anchorage and Mat-Su Valley commuters. Numerous other Anchorage projects would provide

congestion relief, and in addition, would assist in streamlining industrial traffic from the Port of Anchorage to points outside the City.

[9:52:44 AM](#)

Commissioner Barton noted that Wasilla and other Mat-Su Valley communities' congestion issues would also be addressed under the Governor's Transportation Initiative projects. Environmental studies pertaining to the Tanana/Wasilla Highway expansion and the Parks Highway corridor expansion would also be provided for.

Co-Chair Green understood that the discussions pertaining to the Parks Highway corridor have been tumultuous in regards to such things as the proposal to bypass communities such as Wasilla.

Commissioner Barton affirmed. He noted that the Alaska Railroad is participating in the endeavor.

Co-Chair Green asked whether Alaska Railroad funds might be involved in this project.

Commissioner Barton understood that the Railroad would participate.

Co-Chair Green asked whether the Mat-Su Borough has participated in the discussion.

Commissioner Barton assured that the Department has included the Borough in these on-going discussions.

Commissioner Barton noted that other projects included in the Governor's Transportation Initiative would be the McCarthy Road maintenance. This long-term project is in its final environmental impact study (EIS) stages. The end result would be improved access to Denali Park and the community of McCarthy. The Copper River Highway Rehabilitation project would also improve road conditions from Cordova to the Cordova airport. The 11-mile Kalifornsky Beach Road in Kenai would also be improved.

[9:55:51 AM](#)

Co-Chair Green understood that the Governor's Transportation Initiative projects would be primarily funded by Bond funds.

Commissioner Barton affirmed. The proposal would be to utilize Amerada Hess bond funds.

Senator Bunde asked whether the costs associated with the Bullen

Point Road and the Foothills West Road EIS studies were included in the Governor's Transportation Access to Resources Initiative total of \$37,000,000. In other words, was their listing a subcategory of the Governor's Transportation Access to Resources Initiative heading.

Commissioner Barton clarified that those EIS studies were included in the \$37,000,000 total.

[9:57:12 AM](#)

Governor's Transportation Access to Resources Initiative  
\$37,000,000 Bond Funds  
Reference No.: 40448  
Category: Transportation  
Location: Statewide  
Election District: Statewide  
Estimated Project Dates: 07/01/2005 - 06/30/2010  
Resource Roads

North Slope: Foothills West Road EIS  
\$4,000,000,000 Bond Funds  
Reference No.: 40420  
Category: Transportation  
Location: North Slope Borough  
Election District: Arctic House District  
Estimated Project Dates: 07/01/2005 - 06/30/2010  
Complete NEPA process necessary to construct 50-mile road from Pump Station 2 on Dalton Highway westerly into area of oil and gas leases on state land.

Senator Bunde understood therefore that the North Slope: Foothills West Road EIS, Reference Number 40420 project was included in the \$37 million specified in the Governor's Transportation Access to Resources Initiative Reference Number 40448.

Commissioner Barton clarified that Reference Number 40420 was included in the \$37 million Governor's Transportation Access to Resources Initiative total allotment, Reference Number 40448.

Senator Bunde asked the difference between the State Equipment Fleet Replacement project, Reference Number 30628, and the Capital Improvement Program Equipment Replacement project, Reference Number 32534.

State Equipment Fleet Replacement  
\$10,000,000 Hwy Capiti  
Reference No.: 30628

Category: General Government  
Location: Statewide  
Election District: Statewide  
Estimated Project Dates: 07/01/2005 - 06/30/2007  
On-Going Project

Replacement and/or refurbishment of equipment and vehicles which have reached the end of their useful life cycles and all extension periods, and continued conversion of vehicles to alternate fuel and related alternate fuel program expenses. This project contributes to the Department's Mission by reducing injuries, fatalities, and property damage and by improving the mobility of people and goods.

Capital Improvement Program Equipment Replacement

\$1,500,000 CIP Rcpts

Reference No.: 32534

Category: Transportation

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2005 - 06/30/2007

Replace equipment through a usage fee charged to capital projects. Types of equipment to be replaced include specialized instruments used in designing projects, copiers, plotters and computers. The project will also pay for eligible useage rate costs reimbursed through the Indirect Cost Allocation Plans. This project contributes to the Department's Mission by reducing injuries, fatalities and property damage and by improving the mobility of people and goods.

Ms. Slagle explained that Reference Number 30628 would replace fleet vehicles such as Alaska State Trooper vehicles and heavy equipment, which are funded by the Highway Working Capital Fund through receipts from user agencies. Reference Number 32534 is funded by Department construction projects; specifically for construction equipment needs. Equipment could not be directly charged to a capital project as such a purchase would not qualify under Office of Management and Budget requirements. The equipment that is purchased would support Department programs in their entirety rather than a specific project. This equipment would not include vehicles but would include other types of equipment such as re-pavers.

[9:59:38 AM](#)

Senator Bunde understood therefore that one project would pertain to vehicles and the other would pertain to construction equipment. He asked that particular attention be provided to Reference Number 32534 as private enterprise has conveyed to him their frustration

"with the State buying construction equipment that the private sector could easily supply". The State might be competing in business with the private sector.

Senator Olson shared the public's concern that such things as drilling rigs have been purchased by the State for limited use.

Commissioner Barton voiced being aware of the drilling rig concern. That issue has been reviewed and the findings could be shared.

[10:01:37 AM](#)

Senator Olson voiced the importance of the State not competing or phasing out the private sector.

Co-Chair Wilken, Chair of the Finance Committee Transportation subcommittee, informed that the subcommittee has reviewed this concern. In FY 04, approximately one to four percent of the total money the State spent on road maintenance was conducted by the State. These were primarily "helter-skelter" jobs that were not sought after by the private sector. While he had heard similar concerns, it would appear that "there was smoke" but not much fire. He concluded that the Department was utilizing people and equipment appropriately", in conducting work, at least in the Interior region of the area, that the private sector did not find attractive. While there might be drilling rig issues, one situation should not "taint" the entire effort to use DOT to provide road maintenance. The majority of the money is awarded, "as it should be" to contractors.

[10:03:26 AM](#)

Commissioner Barton affirmed that supporting documentation could be provided in this regard.

Statewide: Civil Rights Program

\$200,000 Fed Rcpts

Reference No.: 36185

Category: Transportation

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2005 - 06/30/2010

Phased Project

On the job training to provide training opportunities on construction jobs. Also, provides on-site construction review to assure compliance with Civil Rights laws. This project contributes to the Department's Mission by increasing private investment.

State Match Required

Senator Bunde asked for further information regarding the "role" of the Department pertaining to this program.

Ms. Slagle explained that the Federal Highways Administration requires the Department to "administer certain" federally required programs relating to disadvantaged business enterprises and equal employment opportunities (EEO). Therefore, the Department must monitor contractor and subcontractor activities in order to assure that they are adhering to federal civil rights and EEO guidelines.

Senator Bunde opined that this request should be in the Operating rather than the Capital Budget.

Ms. Slagle stated that due to the Department's billing system constraints, the majority of federal funds are identified in the Capital Budget but are included in the Operating Budget as Capital Improvement Project (CIP) receipts. Therefore, this Civil rights project is reflected in the Operating Budget and the funding for the associated positions is financed by this Capital Budget allocation.

Selawik: Landfill Access Improvements

\$1,800,000 Fed Rcpts

Reference No.: AMD 40582

Category: Transportation

Location: Selawik

Election District: Arctic

Estimated Project Dates: 07/01/2005 - 06/30/2010

One-Time Project

Construct a landfill access road, approximately one mile in length, to the new Selawik landfill. This project contributes to the Department's Mission by reducing injuries, fatalities, and property damage and by improving the mobility of people and goods.

Amendment

Senator Bunde inquired as to whether, in addition to building a road to the landfill, the Department would also be involved in building landfills.

Commissioner Barton shared that in situations in which the Department of Environmental Conservation and a community might be developing or improving their landfill, the Department would attempt to coordinate any road improvements that might be required at the same time.

Senator Olson shared that he had recently visited Selawik, and that a new landfill was desperately needed there as the current one is contaminating the river.

Senator Bunde noted that the Legislature is Constitutionally directed to develop a Capital Budget that would equate to approximately one-third of the total Operating Budget. It appears that the Department of Transportation and Public Facilities' Capital Budget "would fill the whole Capital Budget". To that point, he asked Co-Chair Green's goal in regard to the Capital Budget.

Co-Chair Green responded that the Capital Budget is still being developed.

Co-Chair Green voiced disappointment that the aforementioned Civil Rights project had not included the placement of signage along the Parks Highway and other Rural roads to direct people to places of business.

King Salmon Airport Improvements

\$8,500,000 Fed Rcpts

Reference No.: 40285

Category: Transportation

Location: King Salmon

Election District: Bristol Bay/Aleutians

Estimated Project Dates: 07/01/2005 - 06/30/2010

Phased-new

Project to provide improvements to the King Salmon Airport. Stage 1 will construct full runway safety areas. State 2 will make other safety areas improvement and address parking areas. This project contributes to the Department's Mission by reducing injuries, fatalities and property damage and by improving the mobility of people and goods.

State Match Required

Senator Hoffman asked the status of the State's agreement with the Federal Aviation Administration (FAA) in regards to the operation of the control tower at this airport. It was his understanding that the House has included \$70,000 in its budget to support the agreement. He asked whether further discussion of the agreement might occur.

Commissioner Barton affirmed the existence of an agreement. The Department has been working with the FAA to more develop an equitable sharing agreement. He shared that he had made a personal commitment to the director of the FAA to continue the tower operations while the funding issue was being addressed.

KIP KNUDSON, Deputy Commissioner of Aviation, Department of Transportation and Public Facilities informed the Committee that the \$68,000 subsidy included in the Department's Operating Budget would provide approximately 15-percent of the salary expenses associated with staffing the King Salmon airport tower. "The King Salmon Tower is one of four contract towers in the State". The conditions of the federal contract tower program specify the federal/local cost ratio components relating to such towers.

[10:10:24 AM](#)

Mr. Knudson stated that the State is currently contributing 15-percent less than the current specified obligation level. Weighing the expense and the risks are the issues of the on-going State/federal debate regarding this tower. The State anticipates that the traffic at the airport would increase to a level that would enable the funding to reach a benefit/cost ratio of one at which point the State's subsidy would cease.

Co-Chair Green asked whether the anticipated increase in traffic would be attributed to increased development in the area and improved fishing conditions.

Mr. Knudson affirmed.

Senator Bunde asked the current population of Kokhanok, which is another community slated to undergo airport improvements.

Mr. Knudson replied that 170 people reside there. This is considered "a fairly decent size village" relative to other Rural airport communities.

Senator Bunde wondered to the per capita cost of providing \$3,100,000 in airport improvements funding to a community of 170 people.

Sand Point: Runway Rehabilitation and Extension  
\$3,800,000 Fed Rcpts  
Reference No.: 38407  
Category: Transportation  
Location: Sand Point  
Election District: Bristol Bay/Aleutians  
Estimated Project Dates: 07/01/2005 - 06/30/2010  
Phased Project- Underway  
Construct runway embankment to extend runway and safety area.  
Move runway centerline, and pave runway and safety area.  
Relocate navigational and glide slope aids and remove

obstructions from bluffs east of the runway. This project contributes to the Department's Mission by reducing injuries, fatalities and property damage and by improving the mobility of people and goods.

State Match Required

Senator Hoffman noted that this budget would provide \$3,800,000 towards the rehabilitation and expansion of the Sand Point Airport and, to that point, he asked the status of a separate one million dollar appropriation that had previously been allocated to rehabilitate the Sand Point Airport Terminal.

Mr. Knudson understood that one million dollars had been included in the FY 05 Supplemental Budget; however, he expressed that that money must have been earmarked as DOT does not build or maintain passenger terminals.

Senator Hoffman affirmed that it was federal earmarked funding.

Mr. Knudson stated that that money was included in the Supplemental budget.

Co-Chair Green understood therefore that the one million dollars is not included in the \$3,800,000 specified in the Capital Budget.

Mr. Knudson stated that the money included in the Capital Budget would be exclusively utilized for runway work.

Senator Hoffman asked whether the terminal improvements provided for by those federal funds would come to fruition.

Mr. Knudson stated that it would, provided there was local community support.

Senator Bunde pointed out that Pilot Station is also a small community whose airport is slated to receive \$12,300,000.

Senator Olson stated that Pilot Station, which is in his election district, has 474 residents.

Commissioner Barton expressed that "Rural airports are not only important to the community in which they are located, but they are also important" to both general and commercial aviation. "The entire system", rather than being viewed as individual airports, must be considered.

Senator Olson recalled a DC-6 airplane accident that had occurred in a remote area of the State and noted that Senator Bunde, being a

former DC-6 pilot, was aware of "the importance" of airports in remote areas. They could provide a safety net in times of distress.

[10:15:28 AM](#)

Co-Chair Green commented that, while she is unfamiliar with the operational support provided at various airports sizes, it is the policy at major airports for airlines to financially participate in the operations of the airport such as scheduling. To that point, she asked whether such things as landing fees or other fees are incorporated at small airports.

Mr. Knudson responded that there is "a series of aviation fees": the international airports in Anchorage and Fairbanks incorporate such fees as a federal passenger facility charge, fuel flow fees, and passenger terminal rental fees. "International airports are governed by either the Commissioner or an agreement with the airlines." Rural airports fees are governed by the Legislature. The only fee currently in place for the Rural airport system is a fuel tax on low-lead and jet fuel. In addition, there are land lease fees, "which are generally held by airlines serving the communities". Approximately 150 of the total 259 airports in the State receive scheduled passenger service. The majority of the airports listed in the Project Review Listing provide passenger service.

[10:17:19 AM](#)

Co-Chair Green characterized previous discussions regarding amending Rural airport fees as "exciting".

Senator Bunde commented that the DC-6 aircraft incident referred to by Senator Olson had little to do with the size of the airport, but was rather the result of people being on the runway. He suggested that were the airport projects to include runway fencing then the investment could be viewed as addressing a safety issue.

Senator Olson stated that another reason for having good airports is to allow people to travel from small villages to larger cities to shop. He is "a strong proponent for good safe airports ...".

Co-Chair Green reiterated the importance of discussing whether airlines could participate more in the financial aspect of airport operations. Airliners would benefit by improved scheduling and reduced delays; however those efforts might incur costs that should be shared by the users, as it is "a great shock" to see such a substantial amount of federal funds supporting small airports.

Commissioner Barton stated that "we all recognize" "the importance of aviation" in the State. In many situations, there is no alternative to air travel; this is recognized by the federal government. He voiced being grateful for the federal funding provided to Rural airports. The State would not be permitted to shift these federal funds to other projects; that is not an option.

Co-Chair Green agreed.

Commissioner Barton allowed that were such an attempt made, the State might "just lose the money".

[10:21:12 AM](#)

Commissioner Barton explained that when contemplating fees, the distinction between international and Rural airports should be foremost in the decision making process. At international airports, "the air carriers pay all the costs".

Co-Chair Green agreed. Nonetheless, she voiced that there is a fairness issue here. Most private pilots are delighted to have small safe airports "in time of need". The question is whether that service should be free.

[10:21:56 AM](#)

Co-Chair Wilken noted that there is \$260 million in the Amerada Hess fund account. It would be interesting to determine which of the projects proposed to receive Amerada Hess funding might "qualify for federal match money". He asked whether the Kenai Peninsula \$11 million Kalifornsky Beach Road rehabilitation project would be entirely funded by Amerada Hess funds or whether that amount might be subject to a federal match. He suggested that the entirety of projects in the Governor's Transportation Initiative and the Governor's Transportation Access to Resources Initiative should be re-evaluated in this regard.

Commissioner Barton responded that, "a vast majority of the projects would be eligible for federal money": some would not qualify and there are some to which it "would be a mistake" to fund with federal dollars. He warned that in the determination of whether or not to utilize federal money, "it should be kept in mind" that there would be "a lot of strings attached" to the project were federal funds utilized. "In general, it would lengthen the time of the project and increase the cost of the project. Typically the increase in time might run from one to three years" depending on the type of project. Costs might increase between "ten to thirty percent". These are the reasons that the Department

decided to use "non-federal money for these projects". The work could be conducted "faster and cheaper".

[10:24:16 AM](#)

Co-Chair Wilken asked whether the typical match would have "a ten to one" match requirement.

Commissioner Barton responded that road projects "typically" require a ten-percent match; bridges have a twenty-percent match requirement.

Co-Chair Wilken understood therefore that "in order to save a year to three years and in order to save ten to thirty percent, we are going to spend ten times as much of our money just to have those two things." It is difficult "to understand the logic behind that."

Commissioner Barton expressed that the actions being proposed would "expand the total investment". That is the key, as "the STIP is fiscally constrained. This is an effort to increase the investment in transportation in Alaska; not just re-slice it."

Co-Chair Wilken understood therefore that the discovery of an alternate funding avenue that would allow the State to access the federal ten to one match "would be okay as long as the projects are built".

Commissioner Barton asked for further information.

Co-Chair Wilken suggested that perhaps one million dollars of Garvee Bonds could be utilized to fund several of the Governor's Transportation Initiative projects including the Glenn Highway Corridor and Kalifornsky Beach Road. Such usage of those funds would essentially "amount to free roads".

Commissioner Barton replied that that could be done; however, he recommended against the use of Garvee Bonds. He recalled that \$103,000,000 of Garvee Bonds were issued in the year 2003; however, the end result is that the State would be spending "\$135,000,000 to get \$103,000,000 worth of pavement". Furthermore, "that money counted against the STIP allocations", therefore, the State actually "reduced the amount of money going into pavement" by approximately \$33,000,000.

[10:26:41 AM](#)

Commissioner Barton continued that other projects that were scheduled in the STIP were delayed in order to accommodate that

payment. "Any device that adds to the transportation investment: would be supported; however, he does not support the use of Garvee Bonds. While they "could be a useful tool, this is not the place to use them".

Co-Chair Green asked for suggestions as to where the use of Garvee Bonds would be "a good solution".

Commissioner Barton responded that Garvee Bonds could be used in a situation in which there would be "no alternative funds".

Co-Chair Wilken continued to voice dismay at spending ten times the amount necessary "to build a road in order to save three years". He questioned why the State would make a decision to build a road with a 9-percent investment in it verses a 100-percent investment in it.

Commissioner Barton stated that one example would be the negative impact of not completing the construction of a bridge in the Fairbanks area in the timeframe that is required. This action might delay the construction of the pipeline project. The cost of such a delay should be considered.

Co-Chair Wilken agreed that each project must be viewed independently. It would be difficult "to imagine" that a project such as the Fairbanks: Richardson Highway - Northbound Chena Overflow Bridge for Gas Pipeline, Reference Number 40444 in the Governor's Transportation Access to Resources Initiative could not be constructed "in a matter of three to four years". But to just ask for a substantial amount of bonded indebtedness without reviewing other funding sources "just to save time and the heartache of an EIS" should be questioned. "That's the fallacy behind the Governor's Amerada Hess proposal".

Commissioner Barton reiterated that the funding mechanisms for the projects "would expand the total dollar we're investing in transportation". The use of Garvee Bonds would not allow for such expansion.

Co-Chair Wilken stated that this discussion should continue "another day". It would be beneficial "to know which of the proposed projects would qualify for federal match funds".

Commissioner Barton stated that this information would be willingly provided.

Co-Chair Green stated that work is being conducted "to reconstruct the previous STIP" as such things as road classification changes have occurred. It has been argued that changes to construction

projects have occurred as the result of the Garvee Bond usage. The affect of that is being investigated. Use of the general fund rather than a federal match might also be the goal. A balance should be obtainable.

Co-Chair Wilken stated that the use of Amerada Hess funds for projects could be the focal point of the issue. While allowing that the Commissioner has more experience with Garvee Bonds, he remained unconvinced that they were not a viable option.

Co-Chair Wilken pointed out that while the Fairbanks: University Avenue-Geist-Johansen Intersection improvement project, Reference Number 40510, "is a nice thing", the real need "is to widen the bridge". That, combined with widening the entire road, would eliminate the bottleneck. This "is one of the most dangerous roads in Alaska."

Co-Chair Wilken stated that the Governor's Transportation Access to Resources Initiative North Slope: Bullen Point EIS project, Reference Number 40447, has also been appropriated funding in the FY 05 Fast Track Supplemental bill. To that point, he asked whether the combination of these two funding sources would be sufficient to complete the EIS process.

Commissioner Barton stated that the total cost could not be calculated until the reconnaissance work is completed.

JOHN MACKINNON, Deputy Commissioner of Highways & Public Facilities, Department of Transportation and Public Facilities, shared that the Department is coordinating this project with the Department of Natural Resources. The "goal is to permit the right-of-way and the entire transportation corridor for road, pipeline, and any other utilities" that might be needed from Prudhoe Bay to Bullen Point. The Department has not issued guidelines in regards to how the road or the corridor should be constructed; the goal is to have "it poised so that it is in position to be constructed by some entity". Both departments are endeavoring "to have the EIS completed and an entity created that can accept the right-of-way and a project ready to go".

Industrial Road Program  
\$10,000,000 Bond Funds  
Reference No.: 39356  
Category: Transportation  
Location: Statewide  
Election District: Statewide  
Estimated Project Dates: 07/01/2005 - 06/30/2010  
Phased - new project

Funding for Colville River Bridge and other industrial roads. This project contributes to the Department's Mission by improving the mobility of people and goods and increasing private investment.

Co-Chair Wilken asked regarding the Crooked Creek and Yukon-Kuskokwim River Ports and Roads component of the request that would construct a road to connect the Donlin gold properties to a port on the Kuskokwim River, as he had understood that the gold mining companies rather than the State were to build that access road.

Mr. MacKinnon explained that during negotiations with Placer Dome, "the likely developer of the Donlin property", a request was made that the State not participate in the construction of the road from the mine property to the river; that road would be constructed by Placer Dome and would not terminate at the community of Crooked Creek. Thus, the current proposal is that the State's participation would be to construct a connecting road from that road to the community of Crooked Creek.

Co-Chair Wilken surmised therefore that this road project could be a lower priority than the other components of the Industrial Road Program.

Mr. MacKinnon concurred.

Congressional Earmark Match  
\$15,000,000 Bond Funds  
Reference No.: AMD 39037  
Category: Transportation  
Location: Statewide  
Election District: Statewide  
Estimated Project Dates: 07/01/2005 - 06/30/2010  
One-Time Project  
Funds needed to match congressional earmarks for State infrastructure. This project contributes to the Department's Mission by improving the mobility of people and goods and by increasing private investment.

Co-Chair Wilken asked whether this request could be considered as "just a place holder" or whether specific projects have been identified to receive this funding.

Commissioner Barton replied that the federal funds pertinent to this request would be anticipated over a five or six-year period. The funds would be dependent on the outcome of the Reauthorization Bill. The funds requested in this request would support the Department's "anticipated first-year need".

Co-Chair Wilken asked whether a list of projects has been identified or whether the funds would support earmarked projects.

Commissioner Barton replied that these funds would provide the State Match to Congressional earmarked projects. The funds would be divvied up according to that finalized project list.

Co-Chair Green understood that the earmark match requirement would be approximately ten or 20 percent.

Commissioner Barton concurred.

Co-Chair Wilken continued to ask whether a list totaling \$15,000,000 has been developed.

Commissioner Barton replied that there is a list of earmarks that would total approximately \$15,000,000. He reiterated that this request is "a best estimate" of what might be forthcoming from Congress.

Co-Chair Wilken understood therefore that the \$15,00,000 "is not attached to any particular project".

Commissioner Barton agreed. "It is a composite of all the earmarks."

Co-Chair Wilken surmised therefore that the total funding need could fluctuate. "It could be become \$20 [million] or ten [million]" depending on the actions of Congress. Therefore, he characterized the request as being "a placeholder".

Commissioner Barton noted that a similar request would be presented each year for the balance of the reauthorization period, depending on the funds provided by Congress.

Senator Stedman echoed Co-Chair Wilken's request that a "comprehensive breakdown" of the projects proposed to receive Amerada Hess funding be provided; it would be beneficial to understand which of those projects might qualify for matching funds.

Commissioner Barton affirmed that this information would be provided.

[10:37:01 AM](#)

Senator Hoffman asked the total of federal receipts that would be

expected, including the amended requests.

Commissioner Barton stated that approximately \$460,000,000 in federal highway dollars "including the expected earmarks" would be anticipated.

[10:38:33 AM](#)

Alaska Marine Highway System - Vessel and Terminal Overhaul and Rehabilitation.

\$6,500,000 Bond Funds

Reference No.: 30624

Category: Transportation

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2005 - 12/31/2006

On-Going Project

Annual maintenance and overhaul on vessels and at terminals, particularly component or system failures which will impact service in the short term. This project contributes to the Department's Mission by reducing injuries, fatalities and property damage and by improving the mobility of people and goods.

Senator Stedman understood that the State has experienced "some challenges" in respect to some vessels with aluminum construction. Further discussion of this issue might occur at a later time.

Corps of Engineers - Harbors Program Formulation

\$100,000 G/F Match

Reference No.: 7091

Category: Transportation

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2005 - 06/30/2010

On-Going Project

Participation with the Corps of Engineers and local governments in harbor breakwaters, dredging, feasibility studies, and program assistance. This project contributes to the Department's Mission by reducing injuries, fatalities and property damage and by improving the mobility of people and goods.

Co-Chair Green asked for further information regarding the GF match.

Ms. Slagle responded that the Harbors Program Rehabilitation is the funding that the State utilizes when working with communities to

develop harbor projects that would be submitted to the Corps of Engineers. These projects would include such things as breakwaters, dredging, and feasibility studies. The ultimate goal would be that the Corps would provide the funding to actually construct the project. This is an annual request to fund the project preparation.

Corps of Engineers - Harbors Program Construction

\$2,600,000 G/F Match

Reference No.: 36453

Category: Transportation

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2005 - 06/30/2010

Phased Project

Participation with the Corps of Engineers and local governments in harbor breakwaters, dredging, feasibility studies, and program assistance. This project contributes to the Department's Mission by reducing injuries, fatalities and property damage and by improving the mobility of people and goods.

Ms. Slagle explained that this request "is to actually match the Corps of Engineers' funding" for the Wrangell Heritage Harbor Float Construction, Chignik Harbor Float Construction, and the Haines Harbor Design project.

Hoonah Harbor Deferred Maintenance and Transfer

\$3,500,000 Bond Funds

Reference No.: 37885

Category: Transportation

Location: Hoonah

Election District: Cordova/Southeast Islands

Estimated Project Dates: 07/01/2005 - 06/30/2010

One-Time Project

The city of Hoonah has actively pursued local ownership of their harbor facilities, subject to the State addressing the deferred maintenance issues, since 2002. The Hoonah Harbor consists of the City float and Hoonah Harbor. This project contributes to the Department's Mission by reducing injuries, fatalities and property damage and by improving the mobility of people and goods.

Co-Chair Green elaborated that the Deferred Maintenance and Transfer program is the State's continuing attempt to transfer "the authority and responsibility" for harbors to the local community.

Commissioner Barton concurred.

Co-Chair Green noted that this endeavor would require the State to invest in upgrading harbors to certain standards prior to that transfer.

Commissioner Barton affirmed.

Senator Stedman asked the amount of remaining Bond Fund money designated to support this endeavor.

Commissioner Barton communicated that the Legislature authorized the sale of these Bonds to support this program. While a dollar amount had been specified for each community; the communities have deemed the amounts insufficient. He could not recall the current Fund balance, but allowed that an infusion of "50 percent more" might satisfy the amounts specified by the communities.

Senator Stedman requested that the Fund balance and any claims upon that balance be provided. He would have expected that the Petersburg: North Harbor Deferred Maintenance and Transfer project, Reference Number 39912, would have been one of the harbors designated on the initial transfer list.

Commissioner Barton informed the Committee that the Harbor Transfer Bond funds in its entirety has "been targeted" to specific communities. Communities have requested that their allocation be increased. None-the-less, the Department has attempted to honor the Legislative intent regarding the amount specified for each community.

Mr. MacKinnon informed Senator Stedman that the Petersburg North Harbor was not included in the original two-year old transfer list.

Co-Chair Green understood that each community would be required to fund the upgrades and then the State would reimburse the expenditures 100-percent, up to the specified limit.

Mr. MacKinnon affirmed that a specified amount was determined for each of the 26 or 27 harbors in ten communities. Transfer agreements have been reached with nine communities. The delay in reaching an agreement with the tenth community was due to an FAA right-of-way concern regarding a seaplane float. That community was able to accept three of its harbors because they were within the city limits; however, two others that were outside the city limits could not yet be accepted. Efforts are continuing in that regard.

Senator Stedman understood the "philosophical differences" between the communities' harbor upgrade needs and the State's community allotments. The \$2,500,000 request associated with the North Harbor

transfer would not meet the \$4,500,000 in upgrades required for that harbor. While dissimilar to the gas pipeline, this harbor transfer program could be included in the discussion regarding the best use of Amerada Hess funds.

[10:47:11 AM](#)

Co-Chair Green asked whether the amount specified for North Harbor was the initial determination.

Mr. MacKinnon affirmed that \$2,500,000 was the original allocation.

CAPTAIN JOHN F. FALVEY, General Manager, Alaska Marine Highway System, Department of Transportation and Public Facilities, testified via teleconference from Ketchikan to address any Committee questions.

Senator Stedman asked about the aluminum problems being experienced by some State vessels, as referenced in an April 1, 2005 letter [copy not provided] from Tom Lawson, Director, Division of Administrative Services, Department of Fish and Game.

Captain Falvey explained that while there has been a problem over the past few years with marine grade aluminum, which is a blended aluminum, that aluminum has been identified and does not affect the State's new fast ferries, the M/V Fairweather and the M/V Chenega. The "bad" aluminum experienced cracking in certain stress areas such as vessel transoms and steering components. The Marine Highway System has been monitoring this issue closely. He noted that it is possible that one of the Department of Fish and Game boats might contain some of the bad aluminum.

Senator Stedman shared that one aluminum-boat manufacturer who constructed a variety of boat sizes, including some "substantially" large vessels, has gone out of business. The aluminum manufacturer had warranted and replaced numerous boats, including large ones such as the aforementioned Fish and Game vessel.

Captain Falvey affirmed that the aluminum has been identified and that the vessels built with that aluminum have been identified. The manufacturers or shipyards are correcting the problem.

Senator Stedman asked whether the correction might include a full vessel replacement as opposed to limiting the replacement to the "below waterline" exposure of vessel.

Capt Falvey responded that in some extreme cases, the complete vessel has been replaced. He was unsure of the extent of the work

the Fish and Game vessel might require.

Senator Stedman responded that further discussions in this regard would occur with the Department of Fish and Game.

Facilities Deferred Maintenance and Critical Repairs

\$8,000,000 Bond Funds

Reference No.: 30632

Category: Transportation

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2005 - 09/30/2006

On-Going Project

To address the most critical deferred maintenance needs at Department of Transportation maintained facilities. This project contributes to the Department's Mission by reducing injuries, fatalities and property damage and by improving the mobility of people and goods.

Willow Maintenance Station Replacement

\$350,000 Bond Funds

Reference No.: 36801

Category: Transportation

Location: Willow

Election District: Rural Mat-Su

Estimated Project Dates: 07/01/2005 - 06/30/2010

One-Time Project

Construction of the Willow maintenance shop will begin in the Spring of 2005 and continue into 2006. This project contributes to the Department's Mission by reducing injuries, fatalities and property damage and by improving the mobility of people and goods.

Chandalar Maintenance Station Replacement

\$2,445,000 Gen Fund

Reference No.: AMD 32478

Category: Transportation

Location: Chandalar Lake

Election District: Interior Villages

Estimated Project Dates: 07/01/2005 - 06/30/2010

One-Time Project

Funding is for installation of essential items needed to complete the new shop facility being constructed near Atigun Pass. This included the HVAC (heating, ventilation, and air handling) system, vehicle exhaust system, electrical system and overhead crane. This is one of the most hostile environments on the highway system. It is impossible to operate equipment in this area without adequate warm storage.

This project contributes to the Department's Mission by reducing injuries, fatalities and property damage and by improving the mobility of people and goods.

10:53:02 AM

Ms. Slagle stated that this request would address the Department's facilities deferred maintenance and replacement needs. Typically, the budget has allowed for "an adequate level of operation". Inadequate preventable maintenance funds could result in system failures or delayed roof repairs. The list of deferred maintenance needs is large and includes such things as door replacements, roof repairs, and other issues. The Willow and Chandalar Maintenance Stations were structurally inadequate and in need of being replaced. The work on the new facilities has begun and this funding would complete those projects.

Co-Chair Green recalled that the Chandalar project was included in the Fast Track Supplemental bill.

Ms. Slagle clarified that the funding included in the Fast Track Supplemental bill provided the funding to construct the shell of the Chandalar building. This request would provide the funds for the finishing work.

Co-Chair Green asked regarding the cost overruns associated with the project.

Ms. Slagle explained that the bids for the shell construction exceeded the Department's projections; thus, the need for the supplemental request.

Co-Chair Green opined that, "Chandalar must be very special".

Co-Chair Wilken provided the Members copies of the aforementioned Village Safe water "Rural Sanitation Funding Database, Division of Water" spreadsheet [copy on file] that pertained to the Department of Environmental Conservation presentation.

Co-Chair Green ordered the bill HELD in Committee.

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**ADJOURNMENT**

Co-Chair Green adjourned the meeting at 10:56 AM.