

**MINUTES**  
**SENATE FINANCE COMMITTEE**  
**April 28, 2006**  
**5:04 p.m.**

**CALL TO ORDER**

Co-Chair Lyda Green convened the meeting at approximately [5:04:05 PM](#).

**PRESENT**

Senator Lyda Green, Co-Chair  
Senator Gary Wilken, Co-Chair  
Senator Fred Dyson  
Senator Lyman Hoffman  
Senator Donny Olson  
Senator Bert Stedman

**Also Attending:** Testifiers are listed in the body of the minutes in the order they testified.

**SUMMARY INFORMATION**

SB 231-BUDGET: CAPITAL & OTHER APPROPRIATIONS

The Committee heard testimony from residents of Bethel, Kotzebue, Ketchikan, Petersburg, Wrangell, Sitka, Cordova, Haines, Skagway, Gustavus, Whittier and Juneau. The bill was held in Committee.

#SB231  
[5:04:11 PM](#)

SENATE BILL NO. 231

"An Act making appropriations, including 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.

[5:04:29 PM](#)

DENNIS FENTIE, Premier, Yukon Territory, Canada, testified via teleconference from an offnet location in the Yukon Territory, in support of the Railroad Feasibility Study and the proposed Juneau Access project.

[5:08:34 PM](#)

AT EASE [5:09:18 PM](#) / [5:09:44 PM](#)

Co-Chair Wilken offered a motion to adopt CS SB 231 (FIN), GS2034\I, as a working document.

Senator Dyson requested an explanation of the differences between this version and the previous Version "F".

Co-Chair Green stated that time would not permit this.

[5:10:48 PM](#)

JAMIE PARSONS testified via teleconference from an offnet location in Seattle in favor of a \$45 million appropriation for the Juneau Access road project. He has expended considerable efforts for a road over many years in his capacity as mayor of the City and Borough of Juneau, and as a community member.

[5:13:16 PM](#)

CATHY HOSSFORD testified via teleconference from an offnet location in Skagway that she served as chairperson of a pro-access group. She spoke of the need for access infrastructure in the state, including road access between Skagway and Juneau. Support for this overdue capital effort is important.

[5:15:53 PM](#)

MIKE KORSMO testified via teleconference from an offnet location in Skagway in opposition to funding the Juneau Access road project. The selected location is unsuitable for a winter road. The funds would be better spent on marine highway access.

[5:17:05 PM](#)

BART HENDERSON, Business Owner, testified via teleconference from Haines that he has followed the issue of the road proposal since its inception. He and other Haines businesspeople opposed the project. Their efforts to question the project had been met by supporters with an uncompromising attitude. A request to the legislature is the only remaining option to stop the project. Funding this project would divert needed funding from the Alaska Marine Highway System that serves the entire Southeastern region.

[5:22:01 PM](#)

THOMAS BOLEN, Emergency Manager, Northwest Arctic Borough, testified via teleconference from Kotzebue to request \$1.625 million for a shoreline rivettment project for the Kivalina area. Erosion from the Chukchi Sea is threatening the stability of the community infrastructure and the safety of its residents. Facilities at risk include a bulk fuel facility and a school.

[5:25:08 PM](#)

THOR WILLIAMS, Mayor, City of Bethel, testified via teleconference from Bethel in support of the requested \$9.1 million for the construction of a water treatment center, \$1.3 million to address dust control, funding for construction of a National Guard Armory, over \$4 million for road rehabilitation, and restoration of \$1 million for the regional Public Safety Building for use by Alaska State Troopers and the Bethel Police Department.

[5:27:55 PM](#)

DAVID ROEMHILDT, Councilmember and Acting Mayor, City of Cordova, testified via teleconference from Cordova to request \$400,000 for Cordova Dock repairs. Additionally, he requested \$5,552,000 for Cordova Airport improvement projects.

[5:30:09 PM](#)

MARLENE CLARKE testified via teleconference from Wrangell to request funding for University of Alaska deferred maintenance projects. She detailed her involvement in operations of the university system.

[5:31:49 PM](#)

MARLENE CAMPBELL, City and Borough of Sitka, testified via teleconference from Sitka to defer her allotted time to Mr. Riggs.

[5:32:04 PM](#)

RICHARD RIGGS, Director, Public Works, City and Borough of Sitka, testified via teleconference from Sitka about the industrial park located at the former sight of the Sitka Pulp Mill. Utilities and water and sewer projects are underway to allow for economic development utilizing this area. He also spoke in favor of \$2.9 million funding for boat harbor improvements and funding for utility infrastructure development of "benchline" property to provide additional housing.

Co-Chair Green noted Senator Stedman had spoken to her about the benchline project and that she was considering the request.

[5:34:34 PM](#)

PETER GOLL testified via teleconference from an offnet location in Haines in opposition of funding for the Juneau Access road project. Funding for maintenance would be difficult to secure in the future. Marine Highway and other road projects have "suffered greatly" from the diversion of funds.

[5:37:03 PM](#)

KEN KLAAWONDER, Councilperson, City of Gustavus, testified via teleconference from Gustavus regarding the Gustavus commercial boat ramp project. He told of the need for \$200,000 for a replacement launch ramp for the community, the National Park Service, commercial fishers and other boaters traveling in the area. This ramp provides the only access for supply delivery with the exception of air carriers.

[5:41:24 PM](#)

LESTER LUNSFORD, Mayor, City of Whittier, testified via teleconference from an offnet location in Whittier to request a \$2 million appropriation, as proposed by the Governor, for small boat harbor improvements in the city.

[5:44:44 PM](#)

MARK EARNEST, Manager, City of Whittier, testified via teleconference from an offnet location in Whittier that 95 percent of the users of the local boat harbor are non-local residents. Most are traveling from Anchorage and communities in the Prince William Sound.

[5:47:26 PM](#)

JOHN BRINGHURST, Physician, Petersburg General Hospital, testified via teleconference from an offnet location in Petersburg to request \$1 million for the Alaska Tele-Health Network project. This project is underway for tribal health providers and should be expanded to non-tribal small hospitals. Smaller communities are unable to afford this technology without assistance.

[5:49:55 PM](#)

Senator Stedman had been unaware of this request and would research the issue.

[5:50:23 PM](#)

Senator Olson asked how images and other information are currently being transferred from this hospital.

Mr. Bringhurst explained the outdated conversion equipment and the reluctance of radiologists to rely on the non-digital images.

[5:51:38 PM](#)

Senator Olson stated that this project reflects industry trends.

[5:52:05 PM](#)

RON SUMMERVILLE, Board of Game, testified in Juneau in support of \$2.9 million for intensive management activities. He told of efforts of the Board to resolve issues related to subsistence hunting in areas including Game Management Unit 19.

[5:55:34 PM](#)

GLEN THOMPSON, Ketchikan Gateway Borough, testified in Juneau about attempts to remodel the only middle school facility in the community. The Borough has issued bonds to fund construction, which is almost complete; however, mold and rot permeate the building and it is uninhabitable.

Co-Chair Green informed that Senator Stedman has relayed this request. Funding for debt reimbursement projects is included in separate legislation under consideration in the House of Representatives.

[5:58:21 PM](#)

Co-Chair Green announced that six testifiers in support of the Juneau Access road project and six testifiers in opposition would be permitted to testify. If time allowed, others would be heard on this issue after all other testimony was concluded.

[5:58:48 PM](#)

MICHAEL CATSI, Councilmember, City of Skagway, testified via teleconference from an offnet location in Skagway to thank the Committee for funding for the Skagway Clinic. The City of Skagway is officially in opposition to the Juneau Access road project and supports improvements to the Marine Highway System. This position is based on ballot referendums voted on by Skagway residents. A proposed road and terminal at Cascade Point is a preferable option.

[6:02:02 PM](#)

WALLACE "SANDY" WILLIAMS testified in Juneau to dispute information presented by those in opposition of the Juneau Access road project. Operating costs would not be higher than that of the Marine Highway System and travel on this route would be less expensive than traditional vessel fares.

[6:05:40 PM](#)

DICK KNAPP testified in Juneau to request full funding for the Juneau Access road project. Funding this project would not result in reduced funding for road projects elsewhere in the state. He supported construction of a road and utilization of the Marine Highway System as a shuttle service.

[6:08:26 PM](#)

Co-Chair Wilken requested the data Mr. Knapp cited in his testimony [copy on file].

[6:08:56 PM](#)

JIM BECKER testified in Juneau that the Juneau Access road would be beneficial to the seafood industry. Fresh seafood could be delivered to markets faster and at a lower cost if the road were constructed.

[6:12:04 PM](#)

MERILL SANFORD, Assembly Member, testified in Juneau about the importance of improved access to the capital city. Alaskans support road access to their government center.

[6:15:25 PM](#)

PAULETTE SIMPSON testified in Juneau in favor of the Juneau Access road project. She had once testified to the legislature in opposition of the construction of two fast ferry vessels. The costs for travelers using the road and shuttle ferry would be considerably less than fares on the Marine Highway System.

[6:18:42 PM](#)

BOB MARTIN testified in Juneau that his career has been in road building and rural utility construction. He spoke in full support of the Juneau Access road project. Goldbelt, Inc., the Juneau area Native Corporation, would benefit from road access to Juneau. The corporation would be able to develop its land holdings for the economic benefit of its shareholders.

[6:22:02 PM](#)

GARY FREITAG, President, Tongass Coast Aquarium, testified via teleconference from Ketchikan to request restoration of proposed funding for this project. This facility would assist economic development in the community and Prince of Wales region.

[6:25:31 PM](#)

Senator Stedman informed the witness that \$1 million has been included for this project in the recent committee substitute before the members.

[6:26:08 PM](#)

TED SMITH, Mayor, City of Petersburg, testified in Juneau about the need to expand the community museum, replace the public works facility and improve the South Mitkof Highway. The inter-island ferry terminal located at the end of this road is near completion and use of the road would increase. The road is in poor condition and is nearly impassable in winter. The City would be willing to provide the requested funding for the Petersburg hospital Tele-Medicine Network project if the City were provided a revenue sharing grant from the State.

[6:30:54 PM](#)

MONICA SCHULTZ testified via teleconference from Ketchikan in support of the Tongass Coast Aquarium project. The requested funding would allow for completion of the planning phase.

[6:31:57 PM](#)

PAULA SCHULTZ testified via teleconference from Ketchikan that the stable jobs that the Tongass Coast Aquarium would provide would allow local youth to remain in the area, both at the facility and though fisheries developed and improved as a result of research conducted at the facility.

[6:32:43 PM](#)

KAYE KANNE, Executive Director, Juneau Family Birth Center, testified in Juneau to request restoration of the Governor's proposed \$300,000 appropriation for construction of a new facility. Two-thirds of the necessary funding has already been raised. The new facility would allow the Center to expand health care services to low-income residents.

[6:34:55 PM](#)

SANTE LESH, Board Member, Juneau Family Birth Center, testified in Juneau that she was a client of the Center and was a participant of the Denali KidCare Medicaid insurance program.

Delivery of a baby at the hospital could cost up to \$30,000 compared to \$2,000 to \$3,000 at the Center.

[6:36:31 PM](#)

SARA LAWSON, Project Coordinator, White Cliff School Redevelopment Project, testified via teleconference from Ketchikan to request \$3.7 million for the project. She described the arts and senior citizen activities that would utilize the facility.

Senator Stedman noted that this funding request had been submitted, although he was unsure whether it would be approved.

[6:40:04 PM](#)

BOB WEINSTEIN, Mayor, City of Ketchikan, testified via teleconference from Ketchikan to request that funding for the Tongass Coast Aquarium be restored to the amount proposed by the Governor. The facility would serve as an educational and tourism center. This project should not be considered as benefiting only Ketchikan, as its research would benefit coastal areas of the State.

[6:42:51 PM](#)

KATE MCCARTNEY, Board Member, Juneau Family Birth Center, testified in Juneau to request funding for the new facility. The Center would expand services provided through Denali KidCare and Medicaid. Fees are assessed to clients on a sliding scale, based on income.

[6:44:30 PM](#)

MICHAEL MILLER, Founder, Cancer Connection, testified in Juneau that the provider would occupy space in the new Juneau Family Birth Center. He described the support and social services the Connection provides.

[6:46:31 PM](#)

Senator Dyson noted Mr. Miller is the son of the former Senator Miller and has taken his personal hardship as a cancer victim and is utilizing his experiences for the benefit of others.

Co-Chair Wilken associated himself with Senator Dyson's remarks.

[6:47:13 PM](#)

BRUCE WALLACE, Commercial Fisher, testified via teleconference from Ketchikan, that he has observed the efforts in creating the Tongass Coast Aquarium. The State should support this project, as it is important to resource development.

[6:48:05 PM](#)

TOMI MARSH testified via teleconference from Ketchikan to request \$5 million for the Tongass Coast Aquarium. It is important to the commercial fishing industry.

[6:49:02 PM](#)

TINA WILLIAMS, testified via teleconference from Ketchikan in support the Tongass Coast Aquarium. Efforts on this project have been underway since 1992. The requested \$5 million would allow groundbreaking on construction of the facility. This project has unanimous support from the community.

[6:51:53 PM](#)

Senator Stedman thanked the Ketchikan residents who testified.

[6:52:15 PM](#)

SKIP ELLIOTT, Elliott Financial Management, testified in Juneau to the importance of reasonable and prudent expenditure of State revenues. The Juneau Access road project would not be reasonable or prudent. Given the financial situation of the country, the federal funds should be returned.

[6:55:32 PM](#)

ALBERT JUDSON testified in Juneau about diversity, which is defined as having different opinions. He opposed the Juneau Access road project because the majority of Juneau, Haines and Skagway residents have voted to support improved ferry service over a road. Funding would be better spent on bridges, specifically a second crossing between Douglas Island and mainland Juneau.

[7:01:12 PM](#)

GEORGE POOR testified in Juneau that he is the chief engineer of the M/V Fairweather fast ferry in the Alaska Marine Highway System. He opposed the Juneau Access road project, in part because the road would travel through many avalanche areas. If the road were constructed, he urged continued financial support of the Marine Highway System.

[7:03:39 PM](#)

BRETT FARRELL, Alaska Marine Exchange of Alaska, testified in Juneau in support of the Alaska Marine Safety and Security Grant. He told of the maritime safety projects undertaken and planned. The Exchange was established with an initial appropriation of funds from the Exxon Valdez Settlement.

[7:06:33 PM](#)

BRITT WATTERS testified in Juneau that as a health care worker, he considered many projects addressing health and safety needs of Alaskans are of higher priority than the Juneau Access road project. The primary beneficiary of the Juneau Access road project would be construction companies.

Co-Chair Green announced that public testimony was concluded and that those who had signed up to testify regarding the Juneau Access project would not be heard.

[7:10:10 PM](#)

Co-Chair Wilken spoke to the Juneau Access road project. The legislature has struggled with the increasing costs of the Alaska Marine Highway System. A misunderstanding persists that ferry service would be improved if the road were not constructed. Instead, a new system of roads and shuttle ferries would be created. Alaskans would be unwilling to continue funding the current system and Juneau residents should have the same opportunities for road access that he has as a Fairbanks resident.

#

**ADJOURNMENT**

Co-Chair Lyda Green adjourned the meeting at [7:11:54 PM](#)