

**ALASKA STATE LEGISLATURE**  
**SENATE TRANSPORTATION STANDING COMMITTEE**

February 8, 2005

1:33 p.m.

**MEMBERS PRESENT**

Senator Charlie Huggins, Chair  
Senator John Cowdery, Vice Chair  
Senator Gene Therriault  
Senator Albert Kookesh  
Senator Hollis French

**MEMBERS ABSENT**

All members present

**OTHER LEGISLATORS PRESENT**

Senator Lyman Hoffman  
Senator Donny Olson

**COMMITTEE CALENDAR**

SENATE BILL NO. 63

"An Act relating to road signs encouraging the use of safety belts."

MOVED CSSB 63(TRA) OUT OF COMMITTEE

SENATE BILL NO. 40

"An Act relating to the establishment of the Kuskokwim Port Authority; and providing for an effective date."

HEARD AND HELD

SENATE BILL NO. 85

"An Act repealing the ban on the use of certain off-road vehicles within five miles of the right-of-way of the James Dalton Highway; and providing for an effective date."

SCHEDULED BUT NOT HEARD

**PREVIOUS COMMITTEE ACTION**

BILL: SB 63

SHORT TITLE: USE SEAT BELT ROAD SIGNS

SPONSOR(s): SENATOR(s) STEVENS B

01/19/05 (S) READ THE FIRST TIME - REFERRALS  
01/19/05 (S) TRA, FIN  
02/03/05 (S) TRA AT 1:30 PM BUTROVICH 205  
02/03/05 (S) <Bill Hearing Postponed to 02/08/05>  
02/08/05 (H) TRA AT 1:30 PM CAPITOL 17

BILL: SB 40

SHORT TITLE: KUSKOKWIM PORT AUTHORITY

SPONSOR(s): SENATOR(s) COWDERY, HOFFMAN

01/11/05 (S) PREFILE RELEASED 1/07/05  
01/11/05 (S) READ THE FIRST TIME - REFERRALS  
01/11/05 (S) TRA, FIN  
02/03/05 (S) TRA AT 1:30 PM BUTROVICH 205  
02/03/05 (S) <Bill Hearing Postponed to 02/08/05>  
02/08/05 (H) TRA AT 1:30 PM CAPITOL 17

BILL: SB 85

SHORT TITLE: OFF-ROAD VEHICLE USE ON DALTON HIGHWAY

SPONSOR(s): SENATOR(s) SEEKINS

01/31/05 (S) READ THE FIRST TIME - REFERRALS  
01/31/05 (S) TRA, RES  
02/08/05 (H) TRA AT 1:30 PM CAPITOL 17

**WITNESS REGISTER**

Ms. Nona Wilson, Legislative Liaison  
Department of Transportation & Public Facilities  
3132 Channel Dr.  
Juneau, AK 99801-7898

**POSITION STATEMENT:** Commented on SB 63

Mr. Mark Neidhold, Chief of Design and Construction Standards  
Department of Transportation & Public Facilities  
3132 Channel Dr.  
Juneau, AK 99801-7898

**POSITION STATEMENT:** Commented on SB 63

Mr. Leo Morgan, Chairman  
Kuskokwim Corporation  
Aniak, AK 99557

**POSITION STATEMENT:** Testified in opposition to SB 40

Mr. Paul Fuhs, Lobbyist

1635 Sitka St. STE 301  
Anchorage, AK

**POSITION STATEMENT:** Testified in opposition to SB 40

Mr. Bob Charles, Vice President  
Calista Corporation  
Anchorage AK

**POSITION STATEMENT:** Testified in support of SB 40

Ms. Evelyn Thomas, Vice President  
Crooked Creek Traditional Council  
PO Box 69  
Crooked Creek, AK 99575

**POSITION STATEMENT:** Testified in support of SB 40

Mr. Thor Williams, City Council Member  
City of Bethel  
Bethel AK

**POSITION STATEMENT:** Commented on SB 40

#### **ACTION NARRATIVE**

**CHAIR CHARLIE HUGGINS** called the Senate Transportation Standing Committee meeting to order at [1:33:23 PM](#). Present were Senators John Cowdery, Gene Therriault, Hollis French, and Chair Huggins.

[1:34:37 PM](#)

#### **SB 63-USE SEAT BELT ROAD SIGNS**

MS. CHERYL SUTTON, staff to Senator Ben Stevens, introduced SB 63. Currently under the highway fatality memorial signs program, there are no provisions for a seatbelt sign. Research shows that 55 percent of fatalities in accidents could have been avoided had the individual been wearing a seatbelt. The Department of Transportation (DOT) can incorporate this type of sign into the memorial program. SB 63 provides suggested sign options for the committee. The intent is to have the sign incorporated under the program and posted at the sites of fatal accidents where no seatbelt was used. The DOT does not charge for memorial signs because they serve both a public and a private purpose.

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SENATOR THERRIAULT asked for clarification regarding the last sentence of SB 63.

MS. SUTTON deferred to the DOT.

SENATOR THERRIAULT asked the need for a title.

MS. SUTTON informed the title of the bill is to honor a young man who died.

[1:39:09 PM](#)

SENATOR THERRIAULT stated it was uncommon to name a statute after an individual.

Senator Kookesh joined the committee.

SENATOR FRENCH asked whether the suggestive sign options were binding.

MS. SUTTON said not necessarily. They are just suggestions.

SENATOR FRENCH envisioned a standard safety sign.

MS. SUTTON said SB 63 was specifically directed toward buckling up.

CHAIR HUGGINS inquired about the sign specifics.

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MS. SUTTON did not know precisely what the sign would look like.

SENATOR COWDERY asked whether other states have similar legislation.

MS. SUTTON did not know.

CHAIR HUGGINS called the DOT representatives to testify.

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MS. NONA WILSON, legislative liaison, Alaska Department of Transportation (DOT), and Mark Neidhold, chief of design and construction standards, Alaska DOT testified regarding SB 63.

MS. WILSON addressed Senator Therriault's question regarding the last line of SB 63. There are placement criteria regulations regarding sign management. The DOT maintains concern regarding highway clutter and driver distractions, and must have authority over signage organization.

MR. NEIDHOLD added signs were placed after considering several issues such as the proliferation of signs on the roadway, potential distracters, placement of safe distance from the side

of road, etc. The last line of SB 63 preserves the DOT's authority to manage signage.

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SENATOR COWDERY asked whether other states had passed similar legislation.

MR. NEIDHOLD said signs were allowed through a federal uniform standard. Other states do post signs within the regulatory standards but he was not sure about memorial signs.

SENATOR COWDERY asked whether an administrative order rather than a statute could accomplish the issue.

MS. WILSON answered it could be done either way.

SENATOR COWDERY asked who maintains the memorial signs.

MR. NEIDHOLD explained the DOT maintains the signs and there is a term limit by Alaska code.

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SENATOR THERRIAULT asked the limitations on what the DOT could erect.

MR. NEIDHOLD referenced Alaska administrative code. Two signs are allowed under the memorial program, which are supplementary plaques. They are "please drive safely", or "please don't drink and drive", supplemented by "in memory of", or sponsored by the name of the family.

MS. WILSON clarified the DOT absorbs the costs (\$500) of posting signs.

SENATOR THERRIAULT asked Mr. Neidhold to describe the sign SB 63 is proposing.

MR. NEIDHOLD said the DOT recommends the sign be similar to preexisting signage with a supplemental plaque. Regulatory signs should be stand alone signs because it speaks to uniformity and driver expectancy. Regulatory signs are non-distracting.

SENATOR THERRIAULT asked the latitude that line 8 gives the DOT.

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MS. WILSON responded it was for sensible placement criteria and general area compromise.

CHAIR HUGGINS asked whether the DOT had any issues with SB 63.

MS. WILSON said no.

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CHAIR HUGGINS asked the position of the safety officer.

MR. NEIDHOLD responded the safety staff is on board.

MS. WILSON added there is the support of the Alaska Highway Safety Office as well.

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SENATOR THERRIAULT moved Amendment 1.

Line 8 after the word "at" insert "or near".

Hearing no objections, Amendment 1 was adopted.

SENATOR THERRIAULT moved Amendment 2.

Delete Section 1.

[2:02:31 PM](#)

CHAIR HUGGINS asked for sponsor concerns regarding Amendment 2.

MS. SUTTON could not speak for Senator Ben Stevens but added he wanted Section 1 in the bill.

[2:03:18 PM](#)

Hearing no objections, the committee adopted Amendment 2

[2:04:27 PM](#)

SENATOR THERRIAULT moved CSSB 63(TRA) out of committee as amended with individual recommendations and attached fiscal notes. Hearing no objections, the motion carried.

#### **SB 40-KUSKOKWIM PORT AUTHORITY**

[2:06:03 PM](#)

MR. RYAN MAKINSTER, staff to Senator John Cowdery, introduced SB 40, which would establish a port authority for the Kuskokwim River area.

Senator Hoffman joined the committee.

MR. MAKINSTER continued the boundary for the authority would extend along the river ten miles on either side. The purpose of the authority would be to develop and improve infrastructure in the area such as transportation, energy and waste disposal. Revenue bonds bring together infrastructure. Revenue bonds would fund regional projects and would be secured by the mechanism used to pay back the bond with no obligation to the state. The board of the port authority would consist of nine members nominated by private and public people.

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Unemployment rates in the Kuskokwim area are high as are associated transportation costs. Many people will benefit from the associated regional projects, which would include mining.

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Locals would not see any benefit from the mine except for possible job creation. Development of the mine should benefit the area and not just a limited populace.

SENATOR THERRIAULT referred to a map included in the bill packet and asked Mr. Makinster to explain where the port authority would be.

MR. MAKINSTER referenced the crosshatched area outlined on the map.

CHAIR HUGGINS asked about a road from Donlin to Yukon River.

MR. MAKINSTER stated the road was no longer being considered.

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CHAIR HUGGINS asked for a larger version of the map.

SENATOR COWDERY asked whether the governor's office was slated to testify.

CHAIR HUGGINS said no.

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SENATOR FRENCH asked how the Kuskokwim Port Authority would differ from AIDEA (Alaska Industrial Development and Export Authority).

MR. MAKINSTER said that hadn't been thought out yet.

SENATOR COWDERY interjected the Kuskokwim Port Authority would be appointed by the governor. In turn the board would hire an executive director. He said that was different from AIDEA. The Donlin Creek Mine is proven to have more than 12 million ounces.

SENATOR THERRIAULT asked Mr. Makinster to go over the list on page 2, lines 17-20. He noted the breadth of it is one of the criticisms from those suspicious of the bill.

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MR. MAKINSTER responded the language was used for other port authorities, such as the Anchorage Port Authority. It doesn't dictate but allows them to work in the areas for the betterment of the region. Some of the current concerns of the local residents are misguided because the port authority would not dictate everything in the region. It gives them the ability to revenue bond and to gather as a group.

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CHAIR HUGGINS asked Mr. Makinster to address the concerns of those in opposition to the bill.

MR. MAKINSTER explained the Kuskokwim Corporation concerns have been addressed. They feel the port authority will try to override control of their areas. That is not the intent of the sponsor. The port authority would allow them a better economic base. Economies of scale prove the infrastructure set up by a port authority would be better economically for the entire region.

CHAIR HUGGINS asked whether the intent of SB 40 is to add value to the region.

MR. MAKINSTER replied yes.

SENATOR KOOKESH noted a major concern of the people of the Kuskokwim community is that none of their committees were spoken to regarding formation of a borough. He asked Mr. Makinster whether he has contacted the community.

MR. MAKINSTER affirmed they spoke with Kuskokwim Corporation two weeks ago. Their concerns include not being adequately represented on the board. Specific language in SB 40 states members of the board should come from many different arenas.

SENATOR KOOKESH asked whether the sponsor talked to either the State Representative or State Senator who represents the communities.

MR. MAKINSTER replied no.

SENATOR KOOKESH asked Senator Cowdery whether he has talked to the State Representative or State Senator who represents the communities. He said six of the ten communities are in his district.

SENATOR COWDERY said he spoke to Senator Hoffman.

SENATOR KOOKESH expressed concern that he was not considered when drafting of the bill. The communities have valid concerns.

SENATOR COWDERY said he asked Chair Huggins not to move SB 40 today.

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CHAIR HUGGINS encouraged Senator Kookesh to speak to the bill sponsor regarding any concerns.

SENATOR KOOKESH admonished Senator Cowdery for failure to speak to the State Senator and State Representative who represent the communities before introducing SB 40.

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SENATOR FRENCH asked whether anyone has spoken to the Donlin Creek and Placerville stakeholders to find out their position on the bill.

MR. MAKINSTER said they are working with them but no determination has been made yet as to the course of development.

SENATOR COWDERY said it was not his intention to ram anything through or to bypass anybody. He said he was disappointed that someone from the governor's office was not present.

CHAIR HUGGINS asked Mr. Makinster to remain with the committee.

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MR. LEO MORGAN, chairman of Kuskokwim Corporation, testified in opposition of SB 40. Neither the Corporation nor the communities were contacted regarding the bill. Their lands include 10 village corporations that merged in 1977. One hundred and twenty linear miles of the proposed port authority is on Kuskokwim land. Kuskokwim Corporation supports development of the exploratory mine. SB 40 does not include communities east of the proposed port authority and they are members of the merged

corporation, including Georgetown, Red Devil, Sleetmute, and Stony River.

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The scope of the proposed port authority is too broad and includes activities that would normally be done by a borough with elected representation. The governor would appoint the port authority board and there would be no assurance that the villages would be adequately represented. The Port Authority could discourage formation of local government.

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CHAIR HUGGINS asked Mr. Morgan whether the community supports mining activity.

MR. MORGAN responded yes.

SENATOR COWDERY asked Mr. Morgan how he would like the board members appointed.

MR. MORGAN said he would appoint members from the affected area.

SENATOR COWDERY asked Paul Fuhs to describe the role of a board member.

MR. PAUL FUHS, lobbyist, Kuskokwim Corporation, said he helped write Alaska's Port Authority laws in 1993 with Senator Drue Pearce. One of the most important jobs of the board is to lay forward a development plan.

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The board sets the direction and is the actual decision makers. The executive director executes day-to-day operations, negotiates, and makes recommendations to the board. The majority actions of the board determine what the port authority does.

SENATOR LYMAN HOFFMAN informed the committee the Kuskokwim Corporation is a for profit corporation. Their primary interest is to make money for their shareholders.

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SENATOR KOOKESH asked Mr. Fuhs if he would be more comfortable if SB 40 listed specifically where the board members come from.

MR. FUHS answered under the Alaska Constitution you cannot specify where a board member comes from and you specifically cannot specify a board member from a private corporation.

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CHAIR HUGGINS invited Senator Olson to join the committee.

MR. FUHS continued a port authority works when people in the community all want it to happen and municipalities generally form them. People have to vote on it and local people have to support it. When the boundaries were drawn people were left out. Placer Dome wants to see the local people working together. Calista owns the subsurface and Kuskokwim Corporation owns the surface. The right-of-way would go across Kuskokwim Corporation land so they will have a huge role in the development.

SENATOR KOOKESH asked whether there would be continued discussion between the Kuskokwim Corporation and Senator Cowdery.

MR. FUHS said they met with Senator Cowdery's staff immediately upon hearing about the bill and put their issues on the table.

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MR. THOR WILLIAMS, city council member, City of Bethel, testified. Bethel is the largest port in western Alaska. The city supports the communities and would offer to help with economic development.

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CHAIR HUGGINS asked Mr. Williams to expound.

MR. WILLIAMS said they understand that issues are out there with several parties. They have questions whether their port would have a role in the proposed port authority. The City of Bethel supports development.

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SENATOR COWDERY asked Mr. Williams whether he had ideas for the make up of the board.

MR. WILLIAMS said they would support representation of the corporations and the local communities as well as the City of Bethel and the City of Napakiak.

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CHAIR HUGGINS asked Mr. Williams to state their major concerns.

MR. WILLIAMS said predominantly it is the question of the impact to their own port authority. It is a seasonal port that supplies needs for the lower Kuskokwim and for the upper Kuskokwim up to McGrath.

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MR. BOB CHARLES, vice president, Calista Corporation, affirmed they do own the subsurface resource acreage in the region. Calista has participated in numerous meetings around the region to talk about the project. They determined an opportunity existed to bring the communities together in financing and developing infrastructure. Cultivating and developing their resources presents opportunity for long-term sustainable development. The port authority could help bring the different stakeholders together to directly participate in the financing of other projects.

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SENATOR COWDERY asked Mr. Charles whether he knew of any other minerals in the area.

MR CHARLES advised there is primarily gold, platinum, and small quantities of other minerals.

SENATOR COWDERY asked the amount of gold.

MR CHARLES said Donlin Creek is indicated to have 11.1 million ounces of gold. The grade is an average of three grams per ton.

SENATOR COWDERY asked how power would get to the mine.

MR CHARLES stated they are currently looking at renewable energy and a power plant.

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SENATOR COWDERY asked whether shallow gas was available.

MR CHARLES said there was potential but probably not feasible.

SENATOR COWDERY asked the amount of power needed.

MR CHARLES said there is 70 mega watts of power plant requirement for the mine.

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SENATOR COWDERY asked where the road would be.

MR CHARLES advised it was proposed to be below Crooked Creek towards Donlin Creek.

CHAIR HUGGINS asked whether Calista Corporation was supportive of a port authority.

MR CHARLES said yes. It would bring all the stakeholders together.

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SENATOR COWDERY asked the labor needs for a full scale operation.

MR CHARLES expects to see 700 jobs created.

SENATOR COWDERY asked the depth to pay dirt.

MR CHARLES speculated 1/2 billion tons of overburden.

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MS. EVELYN THOMAS, vice president, Crooked Creek Traditional Council, testified. The Council met and concluded they must support SB 40. They hope to have the port authority in the mid Kuskokwim region.

CHAIR HUGGINS asked her to characterize the view of the Crooked Creek Traditional Council.

MS. THOMAS assured him they are very supportive. The tribe's position is they must have some input in the development of the area.

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CHAIR HUGGINS held SB 40 in committee. He invited the governor's administration to the next hearing on SB 40. There being no further business to come before the committee, he adjourned the meeting at [3:23:05 PM](#).