

ALASKA STATE LEGISLATURE
SENATE TRANSPORTATION STANDING COMMITTEE

March 3, 2005

1:40 p.m.

MEMBERS PRESENT

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

MEMBERS ABSENT

Senator Gene Therriault

COMMITTEE CALENDAR

HOUSE BILL NO. 42

"An Act naming the Joe Williams, Sr., Coastal Trail."

MOVED HB 42 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

PREVIOUS COMMITTEE ACTION

BILL: HB 42

SHORT TITLE: JOE WILLIAMS, SR., COASTAL TRAIL

SPONSOR(S): REPRESENTATIVE(S) ELKINS

01/10/05	(H)	PREFILE RELEASED 12/30/04
01/10/05	(H)	READ THE FIRST TIME - REFERRALS
01/10/05	(H)	CRA, TRA
01/20/05	(H)	CRA AT 8:00 AM CAPITOL 124
01/20/05	(H)	Moved Out of Committee
01/20/05	(H)	MINUTE (CRA)
01/21/05	(H)	CRA RPT 5DP
01/21/05	(H)	DP: SALMON, LEDOUX, NEUMAN, OLSON, THOMAS
01/21/05	(H)	FIN REFERRAL ADDED AFTER TRA
02/08/05	(H)	TRA AT 1:30 PM CAPITOL 17
02/08/05	(H)	Moved Out of Committee

02/08/05 (H) MINUTE (TRA)
02/09/05 (H) TRA RPT 5DP
02/09/05 (H) DP: SALMON, NEUMAN, THOMAS, GATTO,
ELKINS
02/14/05 (H) FIN AT 1:30 PM HOUSE FINANCE 519
02/14/05 (H) Moved Out of Committee
02/14/05 (H) MINUTE (FIN)
02/16/05 (H) FIN RPT 9DP
02/16/05 (H) DP: HAWKER, WEYHRAUCH, CROFT, HOLM,
KELLY, STOLTZE, FOSTER, MEYER, CHENAULT
02/16/05 (H) ALL MEMBERS COSPONSORS
02/16/05 (H) TRANSMITTED TO (S)
02/16/05 (H) VERSION: HB 42
02/18/05 (S) READ THE FIRST TIME - REFERRALS
02/18/05 (S) TRA, CRA
03/01/05 (S) TRA AT 1:30 PM BUTROVICH 205
03/01/05 (S) Scheduled But Not Heard

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
02/08/05 (S) Heard & Held
02/08/05 (S) MINUTE (TRA)
02/15/05 (S) TRA AT 1:30 PM BUTROVICH 205
02/15/05 (S) Scheduled But Not Heard
02/17/05 (S) TRA AT 1:30 PM BUTROVICH 205
02/17/05 (S) Heard & Held
02/17/05 (S) MINUTE (TRA)
03/01/05 (S) TRA AT 1:30 PM BUTROVICH 205
03/01/05 (S) Heard & Held
03/01/05 (S) MINUTE (TRA)
03/03/05 (S) TRA AT 1:30 PM BUTROVICH 205

WITNESS REGISTER

Mr. Jos Govars
Staff to Representative Jim Elkins
Alaska State Capitol
Juneau, AK 99801-1182
POSITION STATEMENT: Introduced HB 42

Mr. Mathew Nickoli, President and CEO
Calista Corporation
301 Calista Ct. Ste A
Anchorage, AK 99518

POSITION STATEMENT: Testified in support of SB 40

Mr. Max Angellan
No address provided

POSITION STATEMENT: Testified in support of SB 40

Mr. Thor Williams
Bethel City Councilman
P.O. Box 1388
Bethel, AK 99559

POSITION STATEMENT: Testified in support of SB 40

ACTION NARRATIVE

CHAIR CHARLIE HUGGINS called the Senate Transportation Standing Committee meeting to order at [1:40:39 PM](#). Present were Senators Albert Kookesh, Hollis French, John Cowdery and Chair Charlie Huggins.

HB 42-JOE WILLIAMS, SR., COASTAL TRAIL

[1:41:10 PM](#)

CHAIR CHARLIE HUGGINS announced HB 42 to be up for consideration.

SENATOR FRENCH moved Version \A as the working document. There being no objections the motion carried.

[1:41:32 PM](#)

MR. JOS GOVARS, staff to Representative Jim Elkins, presented HB 42. Joe Williams Sr. was the mayor of Saxman for many years and a well-respected citizen. Mr. Govars noted the many letters of support in the packet of proposed legislation.

[1:43:05 PM](#)

CHAIR HUGGINS asked Mr. Govars if there was any opposition to HB 42.

MR. GOVARS replied no one has contacted Representative Elkins' office with opposition. He has heard some negative talk around Ketchikan referencing Mr. Williams in a personal nature.

CHAIR HUGGINS commented HB 42 was not new construction; it was naming an existing trail.

MR. GOVARS agreed. The trail has been in place more than 8 years.

SENATOR JOHN COWDERY commented that opposition is frequently personal.

MR. GOVARS replied naming something could always be problematic.

SENATOR COWDERY asked Mr. Govars if negative talk was representative of the community of Ketchikan.

MR. GOVARS answered no.

CHAIR HUGGINS asked for an explanation of the fiscal note.

MR. GOVARS explained in the House Community and Regional Affairs Standing Committee, the fiscal note from the Department of Transportation and Public Facilities (DOTPF) regarded placing the sign. The DOTPF estimated a cost of around \$2,000, which they later decided to fund. There was a fiscal note adopted in the House Transportation Standing Committee, which the DOTPF would fund.

[1:46:32 PM](#)

CHAIR HUGGINS asked for testimony and heard none.

SENATOR COWDERY moved HB 42 out of committee with individual recommendations and attached fiscal notes. There being no objection, the motion carried.

CHAIR HUGGINS announced a short at ease at [1:47:10 PM](#).

SB 40-KUSKOKWIM PORT AUTHORITY

[1:48:48 PM](#)

CHAIR HUGGINS announced SB 40 to be up for consideration. He recognized Mathew Nickoli.

[1:48:54 PM](#)

MATHEW NICKOLI, President and CEO, Calista Corporation, spoke via teleconference in support of SB 40. Calista is looking into financing for infrastructure projects. Calista owns 6.5 million acres of subsurface property. Calista has aggressively marketed for exploration. As a result multiple mineral companies have

invested over \$65 million. Mineral mining has been successful in the past. SB 40 would have a major impact on the regional economy. Transportation and energy are two major issues that need resolved. The port in Bethel is maximized in the summer months and cannot meet the needs of Donlin Creek development.

[1:52:36 PM](#)

Placer Dome can finance a port on their own but the region must be involved for economic reasons. Calista wants to build a trust between all participants and form a regional planning group under SB 40 and work with all of the stakeholders. The group would look at all the projects together keeping in mind the subsistence activities of the region. Development is new to the region and a regional planning group is needed to manage all the projects. An alternative tax-exempt financing mechanism would allow the stakeholders to take part in the most monumental development project to take place in the region. Calista wants to address financing alternatives to the project.

[1:55:43 PM](#)

When all of the resources at Donlin Creek are depleted and the money companies leave, they want to have a financing structure that would continue to bring in new, long-lasting projects. One reason Calista seeks to have a port authority is because they foresee the need for a port and road system to receive cargo and fuel for transit up the Kuskokwim River. On many occasions, sea-going barges have been stuck for weeks at a time just above Napakiak.

[1:57:30 PM](#)

Donlin Creek will need transportation infrastructure that can support the movement of 150,000 tons of construction material and 110,000 tons of supplies. Calista anticipates providing many jobs for its shareholders from the infrastructure.

[1:58:41 PM](#)

Due to economies of scale, sea, river and land transportation costs will drop. Diesel and heating fuel will become economical.

[1:59:39 PM](#)

Borough formation is a politically sensitive issue. Calista wants to start with a port authority because they see it as a way to bring all the stakeholders together to address the financing needs of the project and to assist with its development.

[2:01:05 PM](#)

A community meeting with Napakiak showed support from the community.

[2:02:05 PM](#)

Calista expects Placer Dome to complete its work to determine the feasibility within a year or so.

[2:02:44 PM](#)

MR. NICKOLI said borough formation would take too much time to move forward with development. He asked for legislative help and hoped that Placer Dome would work with Calista for the development of economic projects.

[2:03:55 PM](#)

Calista is trying to take a global approach to developing the region to become prosperous. He summarized with support for SB 40.

[2:04:37 PM](#)

SENATOR COWDERY asked Mr. Nickoli whether he heard prior testimony on the bill.

MR. NICKOLI responded he was in Washington DC but he was briefed on the testimony.

SENATOR COWDERY noted there was extensive testimony from the people of Bethel that was not positive. He asked the number of villages represented in the proposed area.

MR. NICKOLI informed the immediate impact would be to Crooked Creek. There are 19 total villages that would be affected on the transportation route.

[2:06:37 PM](#)

SENATOR COWDERY asked whether the plan was to ship all the ore or to do processing on site.

MR. NICKOLI said there was no determination yet. Placer Dome has identified that they want private project financing.

[2:10:41 PM](#)

MR. NICKOLI added the negative testimony against the bill is not representative of the region.

SENATOR COWDERY asked the number of people in the proposed area.

MR. NICKOLI responded approximately 9,000.

[2:15:29 PM](#)

SENATOR KOOKESH asked Mr. Nickoli whether he had discussions with Kuskokwim Corporation.

MR. NICKOLI advised they presented a resolution at their January meeting to address the multiple issues that affect Donlin Creek. Their board decided not to take up the memorandum of understanding that Calista wanted to move forward. The multiple issues are business development, subsistence protection, sustainability, remediation and land use, energy development, and transportation.

[2:18:07 PM](#)

SENATOR KOOKESH asked whether there has been further discussion on the memorandum of agreement and whether he was planning on meeting with them.

MR. NICKOLI said he emailed the president so they have had contact. Calista would like an agreement with Kuskokwim Corporation.

[2:19:43 PM](#)

CHAIR HUGGINS suggested Mr. Nickoli contact his state representatives for assistance.

[2:27:14 PM](#)

CHAIR HUGGINS asked the likelihood of putting a planning group together.

MR. NICKOLI expressed confidence that it would happen. He added the Kuskokwim River is a major river that provides sustenance to the people. The impact of the Donlin Creek project would have a tremendous affect on the people.

[2:32:10 PM](#)

CHAIR HUGGINS asked Mr. Nickoli to describe how mine would proceed if the port authority doesn't happen.

MR. NICKOLI asserted Placer Dome could construct it but landowners need the other projects to serve the people when the gold is gone.

[2:34:51 PM](#)

MR. NICKOLI added SB 40 would open the door for economic development. Crooked Creek residents support the project. Kuskokwim Corporation would also benefit.

[2:38:40 PM](#)

CHAIR HUGGINS asked him to characterize the impact factors along the river for economic development.

MR. NICKOLI said fisheries have always sustained jobs in the region. Federal subsidies have created jobs and the health corporation employs over one thousand people but those are federal monies coming in. He said he is thinking of private money. Since he has been president he has heard from the people they want resource development from private companies. Mining and resource development are the key.

[2:42:03 PM](#)

SENATOR COWDERY asked the life of the Donlin Creek project.

MR. NICKOLI speculated a 20-30 year life.

[2:43:20 PM](#)

SENATOR COWDERY stated it would be a big asset if it happened. He asked the reason that Placer Dome has been silent.

MR. NICKOLI said last year they wrote a letter on another port authority because Calista asked them to. Placer Dome feels this is a political issue and they don't need a public port. They could do the project on their own.

[2:49:02 PM](#)

SENATOR COWDERY asked him to contact the people who are opposed to SB 40 and turn them around.

MR. NICKOLI said, "We will."

[2:49:21 PM](#)

CHAIR HUGGINS asked Mr. Nickoli to act as an energizing force to bring the community together on SB 40.

MR. NICKOLI invited legislatures to visit the impacted villages.

[2:52:12 PM](#)

MR. MAX ANGELLAN, testified via teleconference in support of SB 40. He said he lives in a village that is 20 miles east of Bethel and he is concerned about the cost of living in the future.

[2:59:04 PM](#)

MR. THOR WILLIAMS offered his support on SB 40.

CHAIR HUGGINS asked for a resolution from the City of Bethel.

SENATOR COWDERY asked about commerce on the river in winter.

MR. WILLIAMS said trucks move up and down the river in winter on ice that is 3-4 feet thick.

CHAIR HUGGINS held SB 40 in committee.

There being no further business to come before the committee, Chair Huggins adjourned the meeting at [3:04:05 PM](#).