

HOUSE FINANCE COMMITTEE  
March 15, 2008  
10:18 A.M.

CALL TO ORDER

Co-Chair Meyer called the House Finance Committee meeting to order at [10:18:39 AM](#).

MEMBERS PRESENT

Representative Mike Chenault, Co-Chair  
Representative Kevin Meyer, Co-Chair  
Representative Bill Stoltze, Vice-Chair  
Representative Harry Crawford  
Representative Les Gara  
Representative Mike Hawker  
Representative Reggie Joule  
Representative Mike Kelly  
Representative Bill Thomas Jr.

MEMBERS ABSENT

Representative John Harris  
Representative Mary Nelson

ALSO PRESENT

Rachel Petro, Deputy Commissioner, Department of Administration; Frank Richards, Deputy Commissioner of Highways & Public Facilities, Department of Transportation and Public Facilities; Nancy Slagle, Director, Division of Administrative Services, Department of Transportation and Public Facilities; Dennis Hardy, Deputy Commissioner/Director of Marine Operations, Marine Highway Systems, Department of Transportation and Public Facilities; Leta Simons, Director, Division of Support Services, Department of Natural Resources; Mike Maher, Director, Division of Administrative Services, Department of Revenue; Ted Leonard, Deputy Commissioner, Department of Commerce, Community and Economic Development; Samuel Thomas, Director, Division of Administrative Services, Department of Commerce, Community and Economic Development; Jeff Hoover, Administrative Services Manager, Division of Administrative Services, Department of Fish and Game; Charles Swanton, Director, Division of Sport Fish, Department of Fish and Game; Bill Griffith, Facilities

Program Manager, Division of Water, Department of Environmental Conservation; John Cramer, Acting Deputy Commissioner & Director, Division of Administrative Services, Department of Military and Veterans Affairs; Arnold Liebelt, Facilities Manager, Department of Health and Social Services; Steve McComb, Acting Director, Division of Juvenile Justice, Department of Health and Social Services; Laura Baker, Budget Chief, Division of Administrative Services, Department of Health and Social Services; Jennifer Klein, Facilities Manager, Division of Finance & Management Services, Facilities and Planning Office, Department of Health and Social Services; Allie Fitzjarrald, Acting Director, Division of Public Assistance, Department of Health and Social Services

PRESENT VIA TELECONFERENCE

Dick Mylius, Deputy Director, Division of Mining Land and Water, Department of Natural Resources; Rod Combellick, Deputy Director, Division of Geological And Geophysical Surveys, Department of Natural Resources; Chris Degernes, Field Operations, Division of Parks and Outdoor Recreation, Department of Natural Resources; Tom Chapple, Director, Division of Air and Water Quality, Department of Environmental Conservation; Steve McComb, Acting Director, Division of Juvenile Justice, Department of Health and Social Services

SUMMARY

#HB311

HB 311 An Act making appropriations, including capital appropriations, supplemental appropriations, and appropriations to capitalize funds; and providing for an effective date.

HB 311 was HELD in Committee for further consideration.

DEPARTMENTS DISCUSSED:

Department of Administration  
Department of Transportation and Public  
Facilities  
Department of Natural Resources  
Department of Environmental Conservation

Department of Commerce, Community  
and Economic Development  
Department of Military and Veterans Affairs  
Department of Health and Social Services  
Department of Fish and Game

HOUSE BILL NO. 311

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

**(NOTE: FTR was down for first minutes of meeting; Rachel Petro read the following from a statement during that time.)**

DEPARTMENT OF ADMINISTRATION

RACHEL PETRO, DEPUTY COMMISSIONER, DEPARTMENT OF ADMINISTRATION, read from the publication distributed by the Department. [Copy on File].

- In 2002, the State commissioned a study to develop a Statewide Information Technology Plan - sometimes referenced to as the PTI study (Pacific Technologies, Inc.).
- In 2003, the Department of Administration's "Information Technology Group" was asked to develop an enterprise implementation strategy building on the 2002 Statewide Information Technology Plan.
- In August 2003, a contractor (Unisys) was hired to develop an Enterprise IT Integration Plan. The plan is often referenced as the Unisys Study and set in motion the following items:
  - A departmental IT planning process;
  - Establishment of the Enterprise IT Governance Model;
  - An IT budgeting process;
  - A change in name from the Department of Administration's "Information Technology Group" to Enterprise Technology Services (ETS).

- Since 2003, the State has been using the basic governance model presented in the Unisys plan and has made excellent progress in coordinating the State's annual IT investment.
- Governor Palin proposes that investment in IT can create efficiencies within State government and improve Alaskan's access to government while keeping the information secure.
- The handout as prepared by the Department of Administration outlines the governance process currently used:
  - The process begins with departments submitting IT Plans and a review by the TMC (Technology Management Council), which reviews the plans for technical compliance with State standards and alignment with the Enterprise IT mission;
  - Department IT plans are then reviewed by the ERT (Enterprise Review Team) with an eye toward achieving efficiencies, accessibility, and security;
  - Next, the plans are presented to the EIB (Enterprise Investment Board) for approval; and
  - EIB approved projects are then forwarded to Office of Management and Budget (OMB) for consideration in budget development.
- IT projects not approved by the EIB are not considered for inclusion in the budget. For example, in the current year, the EIB approved \$73 million dollars in potential IT investments for FY09. The Administration's initial budget request included \$60.5 million of those requests.
- In 2007, departments submitted IT plans which were considered by the EIB in November 2008 for the FY09 budget.
- In 2008, the IT planning process underwent revisions, which better align the planning process with the development of the budget as well as streamlining the process for individual departments.

[10:19:07 AM](#)

Co-Chair Chenault advised that \$60 million dollars for projects had been scattered throughout various departmental budgets. Ms. Petro affirmed. Co-Chair Chenault inquired if that was the amount that had been spent during previous years. Ms. Petro explained the amounts, which had been approved over the past several years. Co-Chair Chenault requested more information on the direction the plan would take the State.

He asked if the \$60 million dollars would be an on-going technology cost or was it anticipated to be an escalating cost. Ms. Petro imagined it to be an ongoing & fluctuating cost. In FY05, capital cost funding was nearly \$75 million dollars; FY06, \$114 million dollars; FY07 was \$110 million dollars; FY08, \$106 million dollars and in FY09, there are projected costs of nearly \$119 million dollars in spending. She believed that there are costs associated with IT that are not reflected in the EIB process.

Co-Chair Chenault questioned why such projects had not been reflected in the budget as he understood that all the technology projects had been coordinated. Ms. Petro offered to provide that information. She stated that the process could be streamlined as the agencies and ATS work together. There currently is a process in place to guarantee that the departments follow the IT standards.

[10:23:02 AM](#)

Co-Chair Chenault commented on the depth of the public process while discussing controversial issues regarding funding requests for the capital budget. He appreciated the Committee's ability to go through the budget in great detail.

Representative Gara referenced the Department of Administration proposal to upgrade the data encryption process; he wondered if that project had been included in the proposed budget. Ms. Petro replied it had been included in the network security portion of HB 65.

Representative Gara complained about a departmental bill already moving through the process, while at the same time, charging a fiscal note for something already being addressed. Ms. Petro noted that concern.

[10:26:00 AM](#)

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

FRANK RICHARDS, DEPUTY COMMISSIONER OF HIGHWAYS & PUBLIC FACILITIES, DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES, introduced himself and mentioned the Department's requested projects.

NANCY SLAGLE, DIRECTOR, DIVISION OF ADMINISTRATIVE SERVICES, DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES, addressed the Department's proposed increments/decrements listed February 27, 2008, the Governor's amended proposals.

Mr. Richards referenced the first project:

AP #30633  
Airport Deferred Maintenance  
General Fund 1004 \$1,000,000

The project will provide for unaddressed maintenance that has not been achieved through using the existing operating budget. The dollars would be spread across all 260 rural airports.

Ms. Slagle discussed the following project:

AP #45568  
Marine Highway System - Facility Deferred Maintenance  
ASLC Bonds \$565,000

She explained that the request includes two projects which need to be brought up to Department of Environmental Conservation requirements:

- Fire alarms & suppression systems at Auke Bay and Skagway; and
- Replacement of underground storage tanks at the terminal in Auke Bay, Skagway, Wrangell, Ketchikan, Sitka, Petersburg and Hoonah.

Representative Hawker questioned the referenced documents and asked if each project would be separate. Ms. Slagle explained that the Facilities Deferred Maintenance would be the appropriation level and the other two projects - the

Fire Alarms and the Underground Storage Tanks are the allocations within that appropriation.

Representative Hawker indicated that the accompanying sheet was unclear and asked how to determine which request was at which level. Ms. Slagle pointed out the reference number on the summary listing, and that the AP indicates the appropriation (AP) level and the AL indicates the allocation (AL).

Co-Chair Meyer recommended that the Committee not address allocations at the current scheduled meeting, only the appropriations.

[10:33:20 AM](#)

Co-Chair Chenault requested that the fund sources be identified. He understood that the Alaska Student Loan Corporation (ASLC) funds would be replaced by the Capital Investment Fund (CIF) dollars.

Ms. Slagle continued:

AP #42001	
AK Marine Highway System	
Vessel and Facility Deferred Maintenance	
General Fund 1004	\$2,000,000

Ms. Slagle advised that the Department had received very little funding to address deferred maintenance needs of the Alaska Marine Highway System (AMHS) ongoing vessel and facility issues.

Co-Chair Chenault mentioned recoating the underwater body paint for the Aurora; he thought such items should be considered when the vessel was taken out of the water to overhaul. Ms. Slagle explained that the overhaul process does not cover those items but rather addresses engines and recertification process for the U.S. Coast Guard. Co-Chair Chenault understood that equipment maintenance should be included during the overhaul process. Ms. Slagle reiterated that it is not part of the typical six-week overhaul process.

[10:38:17 AM](#)

Representative Hawker addressed the inadequate maintenance budget provided to the Department. He did not recall a budget turned down for deferred maintenance over the years. Ms. Slagle stated that for several years, the monies for capital budget had been capped and that the lack of maintenance dollars had manifested in many other areas of the State. There has been a combination of pressures from the Administration to address on-going maintenance concerns.

Representative Hawker was surprised that there was an inadequate maintenance budget provided for the Department of Transportation and Public Facilities.

[10:40:33 AM](#)

Representative Joule remembered a task force about 10 years ago that looked at all the deferred maintenance on state-owned facilities. He asked the result of that study and questioned if the Department had been able to make any progress on it. Additionally, he was curious if new infrastructure did include up-keep costs.

Mr. Richards responded that the task force had identified a significant amount of deferred maintenance issues within the Department and has been slow to make progress. The Department has also been using their capital budget for reconstruction and rehabilitation on the major highway and airports. The list continues to grow with new assets additions each year. He reiterated that the list is large and more funds are essentially needed.

Representative Joule inquired if there was a needs-based running list.

Mr. Richards clarified that the Department keeps a list of top priority needs to be addressed through the annual appropriations, especially those used for safety concerns. In the last four years, the Department has looked across the entire Department to determine those needs. Additionally, the Alaska Marine Highway System keeps an on-going list of their needs.

[10:43:43 AM](#)

Ms. Slagle addressed the next project.

AP #30624  
Alaska Marine Highway System  
Vessel and Terminal Overhaul & Rehabilitation  
General Fund 1004 \$9,900,000

She noted that this was the annual request to meet the overhauling needs of fleet vessels. It would meet the certification requirements of the American Bureau of Shipping and the U.S. Coast Guard standards.

Co-Chair Chenault questioned the relocation of the temporary Auke Bay vehicle maintenance building. Ms. Slagle explained that building was not intended to remain in that particular location on a long term bases.

DENNIS HARDY, DEPUTY COMMISSIONER/DIRECTOR OF MARINE OPERATIONS, MARINE HIGHWAY SYSTEMS, DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES, added that the Auke Bay warehouse building was installed a few years ago but infringed on the highway right-of-way. It must be moved out of the way, to another location.

[10:47:15 AM](#)

Representative Gara asked why a right-of-way purpose was important enough to spend money on. Mr. Hardy replied that the intent was not to replace the building but instead to take it down.

Mr. Richards addressed the following component.

AP #6391  
Americans with Disabilities Act Compliance Projects  
General Fund 1004 \$500,000

Mr. Richards advised that the Department has approximately 700 buildings that they are responsible to remove physical barriers for folks with disabilities per the Americans with Disabilities Act (ADA) compliance needs.

AP #45294  
Americans with Disabilities Act Transition Plan Update  
General Fund 1004 \$200,000

Mr. Richards stated that the Department had put into place, transitions plans for all modes for ADA requirements. Those plans need to be updated. The requested dollars will

be used specifically for buildings and harbors that do not have a federal funding source to be used.

[10:49:15 AM](#)

Ms. Slagle continued:

AP #32534	
Capital Improvement Program Equipment Replacement	
CIP Receipts	\$1,500,000

She stated that the dollars would allow the Department to charge all capital projects a certain amount of money and use that for equipment through the direct charge allocation plan. The Department can not charge equipment costs directly to the federal projects.

Mr. Richards moved on:

AP #AMD43010	
Chignik Lagoon: Airport Safety Improvements	
General Fund 1004	\$4,000,000

Mr. Richards stated that the project stems from utilizing funds that Legislature allocated last year for life and safety on the rural airports. He explained the reason for using General Funds rather than federal funds. The Chignik Lagoon was one of the Departments highest airport safety projects.

[10:52:01 AM](#)

Representative Gara referenced Page 8, removing the ferry terminal warehouse in Juneau and asked how much of the appropriation would be used for tearing down the facility. Ms. Slagle was not sure the portion but offered to find out that information.

Representative Gara questioned if the request would be more of a financial justification. He asked the justification for spending that kind of money. Representative Thomas agreed with that query.

Representative Thomas referenced the Chignik Lagoon and asked if the community was in opposition to the project. Mr. Richards replied that there is opposition to the environmental process of the relocation of the airport out

into the Lagoon. The Lagoon is a rich fisheries area, so there has been concern about replacing that amount of fill and the impact to the fisheries.

Representative Thomas asked how those concerns were being addressed. Mr. Richards stated that the proposed project wants to leave the airport right where it is, improving the surface and adding some length yet making it safer.

Vice-Chair Stoltze interjected that he was "bothered" about the facility being torn down. He questioned if it would be a safety encroachment. Mr. Richards offered to look into that. Co-Chair Meyer requested the Department to email the Committee.

[10:56:12 AM](#)

Representative Joule asked if the Chignik runway would be lit. Mr. Richards did not think so; it is a very difficult location, which he could not imagine the terrain could be approached at night.

Mr. Richards continued:

AP #39907	
Coffman Cove Maintenance Station	
AK Cap Inc 1197	\$980,000

Mr. Richards explained that the funding would allow the maintenance station to be built on Prince of Wales Island.

Ms. Slagle continued:

AP #42968	
Community Harbor Def. Maintenance & Transfer Program	
General Fund 1004	\$2,580,000

The State has been divesting ownership of several ports and harbors over the past few years and encouraging municipalities to take over the ownership. Three communities have obliged. The requested funds would provide for the deferred maintenance necessary for those communities to take over ownership of the facilities.

Representative Hawker understood that the authority to transfer harbors [2002-2003], there had been a bond proposition to use to fund such projects. He asked why the

request was before the Committee. Ms. Slagle responded that the harbors listed had not been included in that bond package. Representative Hawker wanted to know about the monies remaining in the bond package. Ms. Slagle advised that there had been legislation passed last year that allowed the extension for another year for some of the communities that haven't bonded, which allows time for them to do that.

[11:01:07 AM](#)

Mr. Richards enumerated the following request:

AP #43056	
Connect Anchorage	
General Fund 1004	\$23,500,000

He explained that the project appropriation contained two separate allocations:

- 40<sup>th</sup> Avenue Extension from Lake Otis Parkway to Dale Street
- New Seward Highway from 36<sup>th</sup> South increasing the lanes to six

[11:03:28 AM](#)

Representative Hawker questioned how the needs had been prioritized. Mr. Richards commented that through the long-range transportation plan, the Municipality of Anchorage (MOA) had put-forward a list of priorities.

Representative Gara added that another big project is the connection between where the Glenn Highway comes into Anchorage and where the Seward Highway starts at Highway 36. He asked the plan for the next phase of that construction. Mr. Richards understood that at this time, the project had right-of-way work being done with the preliminary design-work being added. Once those portions are complete, the Department will come back to the Legislative body for future appropriations. He pointed out that it is the largest costing project in the Connect Anchorage provision.

Representative Gara inquired if there was a departmental time frame for completion. Mr. Richards pointed out that

initially it had been a ten-year initiative; however, the work is happening slowly.

Representative Gara asked if the highway-to-highway project was part of the Connect Anchorage project. Mr. Richards responded that it was part of that project.

[11:06:44 AM](#)

Representative Crawford described some of his experiences in the east-west corridor, which had been previously addressed. He wondered if the congestion was being addressed. Mr. Richards provided some detail about the plans in that corridor, which provide an alternate route from Tudor Street to Dowling, crossing the Seward Highway to the west side of Anchorage. He offered to research the timeline for that project.

[11:08:56 AM](#)

Ms. Slagle introduced the next project:

AP #30648	
Coordinated Transportation and Vehicles	
General Fund/M.H. 1037	\$800,000
MHTAAR 1092	\$300,000

She explained that the request covers costs for a program that provides increased mobility for the beneficiaries of the Alaska Mental Health Trust. It is a grant program.

Ms. Slagle continued:

AP #36453	
Corps of Engineers - Harbor Program	
General Fund match	\$2,250,000

She pointed out that the match would assist the Department with the harbor corps of engineers program for feasibility studies working with the local communities to secure dollars for match funds for the Unalaska harbor construction.

Mr. Richards noted the next request:

AP #41390	
Dalton Highway including Surfacing Materials	

General Fund 1004

\$5,000,000

He advised the request had resulted from a 2006 initiative, addressing the condition of the Dalton Highway, the sole link to the North Slope oil fields.

Representative Gara requested a copy of the multitude of projects requiring building maintenance & construction funding expenditures.

[11:12:19 AM](#)

Mr. Richards addressed the following project:

AP #45200

Dust Suppression Project - Water Trucks and Trailers

General Fund 1004

\$650,000

Representative Hawker questioned who would be operating and maintaining the equipment. Mr. Richards responded that Department of Transportation and Public Facilities would purchase the equipment with a goal to contract with various communities to maintain it. All the equipment would be air transportable. He suggested that the plan could keep the Environmental Protection Agency (EPA) from determining how the State would spend those federal transportation dollars to address dust needs.

Representative Hawker pointed out that he did not answer the question. He believed that it would be maintained by the Department. Mr. Richards affirmed.

Representative Hawker asked why the request under maintenance and operational costs was indicated as zero. Mr. Richards responded that the Department wanted to determine they had the equipment before showing the operational costs.

Representative Hawker questioned if that was the manner in which requests should work. Co-Chair Meyer agreed with Representative Hawker.

[11:15:41 AM](#)

Representative Joule asked if the anticipation was that several communities would be sharing the equipment. Mr. Richards replied yes.

Representative Joule addressed costs associated with moving equipment by air; he wondered at what point it would become more cost effective for the individual communities to have their own equipment. Mr. Richards explained that the challenge is purchasing the equipment and then determining where to house it in each village.

Representative Joule recalled that most of the specified airports have facilities; each community could assume responsibility for maintaining their own equipment.

Co-Chair Meyer recommended that the Department submit some follow-up to each Committee member. Mr. Richards agreed.

[11:17:30 AM](#)

Mr. Richards continued:

AP #30634	
Emergency and Non-Routine Repairs	
General Fund 1004	\$500,000

Mr. Richards explained that annually, the Department participated in statewide activities, impacting the transportation modes across the State. The Department needs funding available for rapid response for those types of emergencies attempting to use federal funds first.

Representative Thomas advised that in his district in Haines, two roads were wiped out by rain and the Department of Transportation and Public Facilities has not fixed either area. He wondered if some of those funds could be used for these roads or if the Department was waiting for federal dollars. Mr. Richards responded that if there are projects or needs with immediate application, State dollars would be used with the hope of receiving federal reimbursement.

Representative Thomas mentioned safety issues at Letnikoff Cove with the lack of guard rails. Mr. Richards clarified that the Department of Transportation and Public Facilities would be glad to look at the situation.

[11:20:38 AM](#)

Ms. Slagle moved forward:

AP #45567  
Facilities Deferred Maintenance  
ASLC Bonds 1186 \$13,273,000

She advised that the Department is responsible for over 700 buildings statewide. The amount of funds received over the years has been minimal compared to the needs to address on-going maintenance.

Ms. Slagle continued:

AP #30632  
Facilities Deferred Maintenance & Critical Repairs  
General Fund 1004 \$2,000,000

She noted that the above mentioned request was from General Fund dollars as opposed to Alaska Student Loan Corporation bond fund dollars. The requested amount is necessary to address the maintenance issues for all statewide buildings needing repairs such as the State Office Buildings, etc. If requested, there is a prioritized list available.

Representative Hawker pointed out that all the funding was being requested for FY09; however, it accompanies a three year dateline. He recommended it be subject to annual appropriations. Ms. Slagle explained that some of the maintenance projects would take considerable time to complete. She added that an annual appropriation to cover the Department's needs would be welcome; however, the actual amounts that have been received have been too small to take care of the State's declining maintenance needs.

[11:24:23 AM](#)

Mr. Richards addressed the next project:

AP #45195  
Galena Maintenance Building Efficiency Modifications  
General Fund 1004 \$156,000

He noted that the U.S. Air Force would be relinquishing control of the Galena area in September 2008. The State will assume full responsibility of operations and maintenance of the facility. The Air Force is donating a building to the State, too large for the State's needs.

The requested funds will be used to shut off a portion of that building and modify the existing infrastructure.

Mr. Richards continued:

AP #45659	
Glenn Highway Rut Repairs	
General Fund 1004	\$11,500,000

He explained that the request would address the Glenn Highway, where there is heavy commuter traffic between Glenn Allen and Anchorage. The funds would be used to fill the ruts on the southbound lane.

Ms. Slagle continued with the next project:

AP #7090	
Harbor Deferred Maintenance	
General Fund 1004	\$650,000

Ms. Slagle stated that the State owns, manages, and maintains 28 harbors. There are no funding included in the on-going operating budget to provide maintenance for those facilities.

Representative Gara recalled that last fiscal year, the Alaska Student Loan Corporation (ASLC) came up with \$20 million in dividend repayments for use on such projects. Ms. Slagle was not sure of the funding mechanism on the capital income. She deferred the question to the Office of Management and Budget (OMB).

[11:27:49 AM](#)

Ms. Slagle proceeded:

AP #AMD7091	
Harbor Program Development	
General Fund Match 1003	\$400,000

She commented that the request would provide assistance to the local communities in developing their harbor programs through grant management funding programs.

Mr. Richards addressed the next project listing:

AP #30631

Highway Deferred Maintenance  
General Fund 1004 \$3,000,000

He explained that the annual request would be used to cover some of the items that have not been addressed in the existing operating budget such as resurfacing and embankment repairs, drainage issues, brush cutting and guard rails.

Representative Hawker questioned why the request had not been included in the operating budget. Mr. Richards responded that the Department utilizes contracts, in which the funds are not expended in that fiscal year. Representative Hawker maintained the request should be in placed into the operating budget.

Mr. Richards continued:

AP #45198  
Highway Maintenance Vehicle Replacement & Safety Eqpt.  
General Fund 1004 \$2,000,000

He clarified that the equipment that the State of Alaska has, pays into the highway working capital fund. Over the past several years, the cost of purchasing equipment has increased a lot. The Department has not been able to put enough dollars into the fund to replace the pieces of equipment that need replacing. The funds will be used to replace approximately 22 units around the State.

Mr. Richards pointed out the following line item:

AP #39900  
Jim River Maintenance Station Replacement  
AK Cap Inc 1197 \$6,000,000

He noted that the funds would be used for a maintenance station on the Dalton Highway. That building now has significant structural issues within the walls, the foundation and the roof structure.

[11:32:33 AM](#)

Mr. Richards continued:

AP #ADM45297  
Kenai Borough Road Projects

General Fund 1004 \$2,000,000

He stated that the funds would be used to upgrade existing departmental roads and to reduce the Department's responsibility to the Kenai Borough.

Mr. Richards identified the following project:

AP #45197  
Measurement Standards and Commercial Vehicle  
Enforcement Equipment Replacement  
General Fund 1004 \$516,000

He pointed out that they are responsible for verifying & certifying weighing devices and that it is imperative that they be accurate. There is a need for a new scale testing unit in Juneau to serve all of Southeast Alaska.

Ms. Slagle continued:

AP #45192  
Nome State Office Building Design Study, Land Purchase  
General Fund 1004 \$1,900,000

She pointed out that facility, which is located on the beach side of Nome, has been hit by several severe storms and has been extensively damaged. The building should be moved from that location.

[11:36:11 AM](#)

Representative Joule asked why the request had been placed under the Department of Transportation and Public Facilities. Ms. Slagle responded that the Department is responsible for the construction of all State facilities.

Mr. Richards continued with the next listing.

AP #42935  
Parks Highway Weight Restrictions  
General Fund 1004 \$2,000,000

He noted that the goal was to remove the need for weight restrictions on the Parks Highway; the goal being 100% legal loads, year-round.

[11:37:38 AM](#)

Ms. Slagle outlined the following project:

AP #39356  
Resource Development Roads  
General Fund 1004 \$3,000,000

She pointed out that request would improve roads to help the State access resource development areas, i.e. mining and timber.

Representative Thomas asked about the Kensington mine access road and the Cascade shuttle program to Slate Cove. Ms. Slagle confirmed that moneys had been provided at the Cascade Point road. She offered to research that information.

[11:39:50 AM](#)

Representative Hawker pointed out the list of past projects, noting nothing indicated for future considerations. He inquired how much of the \$40 million dollars had been spent. Ms. Slagle responded that there is approximately \$3 million dollars is remaining from prior appropriations. She added, a list is being developed of the current projects, which she offered to provide that to the Committee.

[11:41:23 AM](#)

Ms. Slagle continued:

AP #AMD41146  
Richardson Highway, Shaw Creek Bridge  
General Fund 1004 \$3,000,000

Previously, dollars were received to address upgrades of the bridge, which would be instrumental for the gas pipeline. However, now extra funds are needed. She added that no federal funds were available for that project.

[11:42:50 AM](#)

Mr. Richards outlined the following request:

AP #45193  
Seward Highway Maintenance Station Replacement

AK Cap Inc 1197

\$3,200,000

He pointed out that the project would allow the Department to move the maintenance functions from downtown Seward to an outside city land area near the airport.

Mr. Richards continued:

AP #45651

Seward Highway, Milepost 86-Kern Creek Replacement

General Fund 1004

\$3,000,000

He explained that the issue is safety related, while addressing the corrosion of the culverts on that road.

[11:44:39 AM](#)

Ms. Slagle discussed the next project:

AP #30628

State Equipment Replacement

Highway Capital

\$15,000,000

She commented that the request would be used to for equipment replacement by funds collected through the agencies for specific equipment replacement needs.

[11:45:36 AM](#)

Mr. Richards referenced the next item:

AP #41394

Statewide Anti-icing Program

General Fund 1004

\$500,000

The funding would be used to expand the current anti-icing program., particularly in the coastal communities. It would be an application of liquid salt to prevent ice from bonding to the asphalt.

[11:46:27 AM](#)

Mr. Richards continued:

AP #45202

Statewide Emergency Bridge Repair

General Fund 1004

\$1,000,000

The dollars would be used to address structural deficiencies in statewide bridges. He provided two examples:

- The Eagle River Bridge guard rails
- The Trail River Bridge on the Seward Highway

[11:47:36 AM](#)

Ms. Slagle discussed the following request item:

AP #42072	
Statewide Rural Airport Safety Improvement	
General Fund 1004	\$3,000,000

She pointed out that the dollars would be used to address life and safety issues at the 256 rural airports, repairing malfunctioning electrical components.

[11:48:37 AM](#)

Mr. Richards highlighted the following request item:

AP #45207	
Stripping and Marking Performance Improvements	
General Fund 1004	\$1,000,000

He stated that the request would improve the marking and stripping retroactivity in the dark areas on the highway between Anchorage and Mat-Su.

Vice-Chair Stoltze asked if it would be done in conjunction with the resurfacing. Mr. Richards said yes.

Representative Hawker inquired if there would be a change in procedure from the current marking approach; indicating that he applauds the effort. He asked if there could offset costs indicated in the operating budget. Mr. Richards acknowledged there had not been an offset in that budget for the paint application.

Representative Hawker maintained that the paint application is clearly an on-going expense. He reiterated his question, regarding whether it would be a one time investment or on-going costs. He recommended it being moved to the operating budget.

[11:51:20 AM](#)

Mr. Richards responded that the project would be a multi year contract. The dollars are requested in the proposed budget in order to see what the market can bear performing costs.

Representative Gara requested a copy of a comparison of the Governor's prioritization from the last four year's capital budgets including the current one proposed by the Department. He asked how much the Department's operating budget request was. Ms. Slagle responded that it was approximately \$500 million dollars total funds.

[11:54:23 AM](#)

Mr. Richards identified the following request item:

AP #33853	
Surfacing Materials	
General Fund 1004	\$1,000,000

He explained that the request would allow the Department to purchase crushed aggregate for the gravel roads and for patching asphalt roads.

Mr. Richards continued with the following increment:

AP #AMD45392	
Trunk Road - Phase 1	
General Fund 1004	\$20,000,000

He commented that the request would be used for Phase 1 linkage road also incorporating the use of federal funds. The road is currently windy and two lanes, which would be upgraded to four lanes. There has been significant increase in traffic with construction of the new hospital.

[11:55:59 AM](#)

Ms. Slagle addressed the next departmental item:

AP #AMD45392	
Statewide Federal Programs	
Federal Receipts 1002	\$57,500,000

General Fund Match 1003	\$51,838,000
General Fund 1004	\$ 100,000
State Desig. 1108	\$32,000,000

She pointed out that several allocations were included in the request, which uses mostly federal dollars except an advanced project definition for the Denali Commission.

[11:57:52 AM](#)

Representative Gara questioned if that was the only area with a required State match to the federal match. Ms. Slagle clarified that all match monies are State matched; however, there are two other appropriations following it for the airport improvement program and the surface transportation program. Representative Gara asked if the other two were within the matched amount. Ms. Slagle said they were; pointing out another match pot.

Representative Gara clarified that in the Department of Transportation and Public Facilities budget in order that there is federal leverage, the State will need to spend \$51 million dollars total. Ms. Slagle acknowledged that was correct and that the Department has another match pot in the amount of \$2.38 million dollars for the federal motor carrier safety administration projects.

[11:59:55 AM](#)

Representative Gara recapped the entire budget, in which, the State funds assume \$55 million dollars in order to qualify for the federal funds. Ms. Slagle affirmed. She added, \$32 million dollars is statutory designated program receipts (SDPR) funds to be used for cooperative reimbursable projects, which are projects that the Department undertakes on behalf of other agencies.

[12:01:37 PM](#)

Representative Hawker pointed out that the original budget request was for \$13.5 million SDPR dollars, including an amendment for an additional \$20 million dollars. Ms. Slagle addressed the need for the amendment, which would accommodate for communities moving forward in expanding the correctional facilities.

[12:02:25 PM](#)

Representative Hawker inquired if the word "prison" appeared anywhere in the \$20 million dollar requested amendment. Ms. Slagle apologized that the amendment had been submitted without that language included. That was an oversight.

Representative Hawker asked if there were any other places in the budget that the request was not accurate or total information had not been included. Ms. Slagle was not aware of any other problem areas.

[12:03:51 PM](#)

Co-Chair Meyer pointed out that the total capital budget request would be half federal dollars. He asked if the trend for those dollars would be declining in the upcoming years. Mr. Richards explained that in the future, the Department anticipates a significant drop in federal funding.

Representative Joule commented on the "roads to resources" aspect and asked the Department's future projects. Mr. Richards noted that the current roads to resources funding, is to help to access mining & forestry type projects that provide benefit to all Alaskans. When using federal dollars, the State is required to meet federal standards.

Representative Joule voiced concerns about the possibilities of a future gas line & questioned how things would be planned.

[12:09:05 PM](#)

Representative Gara reiterated concerns with anticipated decreased federal funding. Mr. Richards replied that the Department of Transportation and Public Facilities attempts to monitor the federal situation; over the past few months, the numbers have been "see-sawing". The projections are for a decline next year between 20% and 40%. The challenge will be with the re-authorization laws. It is likely that there will be a \$50-60 million dollar reduction.

Representative Gara asked about the current Juneau-Haines road project. Mr. Richards explained that the Department under that project is required to look at a financial plan. The plan currently indicates that costs are increasing.

The plan indicates that the State should be able to afford the road using some federal dollars. He understood that \$20 million dollars a year over the next number of years would accomplish the task.

Representative Gara questioned the estimated total cost of that road. Mr. Richards replied that the current project design from Juneau to Haines is approximately \$350 million dollars.

[12:12:20 PM](#)

In response to a query by Representative Kelly regarding the "roads to resources" project, Mr. Richards commented on the "needs" of certain projects; he was not sure at what point the Department was on that study. He anticipated needs for a significant amount of capital and resources for such projects. Of the funds already received, the Department has placed dollars into relatively small projects.

Representative Kelly maintained that in order to sustain the rural communities there must be jobs and that means developing the mines. He advocated creating a long-term plan for building the roads. Mr. Richards explained that the Department has been in conversation with various mining groups who support providing better access and roads.

[12:16:44 PM](#)

Representative Crawford asked the process used to determine the Department's priorities. Mr. Richards explained that the Department offers extensive outreach throughout the State specifically in relation to use of federal dollars. There is community involvement with lists being created and planning from that information. From those lists, the projects are brought forward and then ranked based on variables using federal dollars. The Department has the ability to spend those federal dollars in the State on any project; most other states can only spend their federal money on the interstate highway systems. In Alaska, there is a ranking between needs in the urban and rural areas. The statewide system used is called the Statewide Transportation Improvement System (STIP).

Representative Crawford questioned how it is determined that projects receive federal funding or only State dollars.

[12:21:27 PM](#)

Mr. Richards addressed joint projects such as that of the Department with the Municipality of Anchorage (MOA); the joint projects result from a combination of federal dollars, State project funds and locally bonded funds. The project listings originate from collaboration and a planning process by identifying project advantages.

Co-Chair Meyer requested a list prioritizing such projects and any documents that were provided to the Senate Finance Committee (SFC) and they written responses. Ms. Slagle acknowledged that the Department had a prioritized list, which she intended to provide to the House Finance Committee (HFC).

Representative Joule mentioned communities where airports are dealing with erosion issues and why those places have they not received that funding. Mr. Richards explained that the Governor had initiated a sub-cabinet on global climate change, consisting of an immediate action work group, whose main focus would be those communities in "immediate peril" due to erosion activities.

[12:25:55 PM](#)

Representative Joule emphasized the urgent need for certain communities and that the State needs to be proactive. He inquired the anticipated timeline for Kivalina. He stressed that the need there is critical. Mr. Richards did not know when the working-group report would be complete; however, he was aware of federal aid dollars, understanding that the State was already addressing the situation in Kivalina.

Representative Joule provided a photograph of the erosion close to the runway at the airport. He pointed out that the State had placed sandbags, however, that is not a long-term solution. Mr. Richards acknowledged that he has been to the airport and understands the critical nature of the situation. He mentioned that the Army Corps of Engineers had placed rock at Shismiraff, which now is surviving the storms but had been very costly.

Representative Joule reiterated the urgency of the situation and the need for a proactive response. He expressed alarm at the lack of an adequate response.

[12:31:18 PM](#)

Representative Thomas referenced a letter which had been signed, requesting Juneau road access dollars. He referred to all the stockpiled materials located in Seattle for that project. Ms. Slagle explained that last year the Legislature had reappropriated a little more than \$9 million dollars from the Juneau access project to a statewide project and then identified them as available for any State project. She understood that they were now sitting at 17-mile in Juneau's Department of Transportation and Public Facilities maintenance station and still remain available for any statewide project.

[12:33:50 PM](#)

DEPARTMENT OF NATURAL RESOURCES

LETA SIMONS, DIRECTOR, DIVISION OF SUPPORT SERVICES, DEPARTMENT OF NATURAL RESOURCES, introduced the first request item:

AP #45278	
Reservoir Studies to Evaluate Oil and Gas Resources	
On the North Slope	
AK Cap Inc 1197	\$4,000,000

She explained that the request was related to the gas pipeline which should help the State determine the amount of gas that could be delivered through a pipeline.

Co-Chair Chenault questioned if that was the amount that had been originally introduced in the operating budget. Ms. Simons responded that amount was only located had been within the capital budget.

Ms. Simons continued, itemizing indicators moved to the operating budget:

AP #45279	
Contract Auditors for Reducing Royalty and Net Profit	
Share Lease Audit Backlogs	

AK Cap Inc 1197	\$200,000
AP #31371	
Oil and Gas Royalty Valuation	
AK Cap Inc 1197	\$1,000,000

Ms. Simons addressed the next item remaining in the capital project list:

AP #43300	
Alaska Energy Inventory Project	
Completion of Phase 1	
AK Cap Inc 1197	\$350,000

She noted that the project would identify resources which would be developed to meet the needs of the local area energy.

Ms. Simons highlighted the on-going activity needs of land sales:

AP #38886	
Land Sales-New Subdivision Development	
State Land 1153	\$2,614,000

Co-Chair Chenault asked about the amount of income anticipated from the resulting land sales. Ms. Simons affirmed the information is available but that she did not have it at the meeting. She offered to distribute it to Committee members.

DICK MYLIUS, DEPUTY DIRECTOR, DIVISION OF MINING LAND AND WATER, DEPARTMENT OF NATURAL RESOURCES (testified via teleconference), interjected that in the last two years, the revenue generated has been approximately \$6.5 - \$7 million dollars from land sales.

Co-Chair Chenault questioned the amount which the State would be responsible to pay for costs. Mr. Mylius responded it would be \$4 - \$5 million dollars and that the net profit would be around \$2 million dollars.

Co-Chair Chenault inquired if the costs would be inclusive of the salaries. Mr. Mylius responded that was correct.

[12:39:24 PM](#)

Ms. Simons continued:

AP #33955  
Wildland Fire Truck Replacement Phase 1  
General Fund 1004 \$625,000

She noted that periodic replacement of critical fire fighting equipment is essential for safety and efficiency. The request would be used to purchase engines.

Representative Hawker inquired how the request would be sited. Ms. Simons requested that be addressed by someone else in the Department. She offered to research the information and submit it to the Committee.

Ms. Simons continued:

AP #6843  
State Park Emergency Repairs  
General Fund 1004 \$400,000

Ms. Simons discussed the annual upgrading the facilities needs to protect present health safety risks resulting from storm damage, flooding and vandalism. She emphasized that there is an on-going need for funding dollars for the increment.

Representative Joule directed his comments to the amount of "scaling back" to the State parks that resulted a few years ago. He questioned if the parks were now getting more visitors. Ms. Simons noted that there have been several requests contained in the proposed capital budget to help the Department come up to date and address back-log maintenance issues in the statewide park system. The Division of Parks has developed a ten-year strategic plan.

Vice-Chair Stoltze requested a copy of the Department's park priority list. Ms. Simons affirmed.

[12:44:03 PM](#)

Ms. Simons outlined the following request:

AP #AMD45485  
Department of Natural Resources Deferred Maintenance  
AK Cap Inc 1197 \$6,323,000

Ms. Simons admitted that this was a larger departmental request to address deferred maintenance concerns that previously were identified. The FY09 request defines the needs in the ten year strategic-plan for State parks & facilities.

Representative Hawker commented that the proposed plan is more of a "vision document" rather than a list of priorities. He questioned why the Alaska State parks were not a higher priority for the Department. Ms. Simons responded that she did not have the history to be able to answer that question; she offered to find out where they were on the priority list.

Representative Hawker commented that he would like to see the request moved from a ten year plan to a five year plan.

Representative Kelly explained the work undertaken by the subcommittee. The proposed departmental increase is @ approximately 500%; he did not think the agency would be able to grow at that rapid rate to address those concerns. He agreed that the agency [parks] was in a "deplorable shape".

Ms. Simons advised that if the Department was able to get their requests in both the operating & capital budget, they would be able to "go a long way" in bringing State parks to better shape.

[12:47:22 PM](#)

Ms. Simons explained that the following component had been moved to the operating budget:

AP #6852	
Airborne Geophysical & Geological Mineral Inventory	
General Fund 1004	\$850,000
Stat Desig Rcpts 1108	\$350,000

Ms. Simons continued:

AP #45255	
Architecture & Engineering for a New Geologic	
Material Center in Eagle River	
General Fund 1004	\$1,500,000

She clarified that the request could cover approximately half of the total cost for the project. It is critical to the energy and success of mineral resource development to store, protect and provide access to the State's geologic core samples; the existing facilities are basically inadequate.

[12:49:03 PM](#)

Representative Hawker acknowledged that the need is important. He asked why the total cost had not been placed into the operating budget. Ms. Simons clarified that the Department was asked to phase-in projects. Representative Hawker asked if that request was unique to the Department of Natural Resources. Ms. Simons did not know.

[12:49:57 PM](#)

Ms. Simons continued:

AP #45283	
Implement Electronic document Recording	
Receipt Services 1156	\$120,000

She noted that the request would allow real estate title companies, banks, the general public and attorneys to electronically submit real estate documents to help improve the efficiency of that function.

Ms. Simons highlighted the following component:

AP #45624	
Reforestation in Southcentral & Interior Alaska	
General Fund 1004	\$370,000

She stated that the request is for an on-going periodic activity to address reforestation. The project will prepare the seedlings and the areas at harvest sites.

Representative Crawford commented that in other places, they have moved away from the human reseeding, letting it occur naturally. Ms. Simons did not think that technique would work well in the northern regions of the State. She offered to provide more back-up on that query.

[12:51:35 PM](#)

Ms. Simons noted the following item on the list had been moved to the operating budget:

AP #41426	
BLM 2009-State Support for Public Access	
General Fund 1004	\$300,000

Ms. Simons continued:

AP #41415	
Gas Pipeline Corridor Geologic Hazards and Resources - Phase 2	
Alaska Cap Inc. 1197	\$600,000

She indicated that the request provides for the continuation of the project, allowing for the continuation of geologic mapping, hazard assessment and resource evaluation along with the proposed gas pipeline corridor from Delta Junction to the Canadian border.

Co-Chair Chenault inquired about the total number of phases needed for the project. Ms. Simons did not know; however, anticipated that the total cost would be about \$4.57 million dollars over the next seven years.

[12:52:57 PM](#)

ROD COMBELLICK, DEPUTY DIRECTOR, DIVISION OF GEOLOGICAL AND GEOPHYSICAL SURVEYS, DEPARTMENT OF NATURAL RESOURCES (testified via teleconference), responded that there had been funding requested through FY12. The field work will be complete in two or three field seasons. By FY12, there should be a final write-up, maps and report available.

[12:54:40 PM](#)

Ms. Simons pointed out the following project:

AP #45260	
CO2 Sequestration Assessment Phase 1	
Federal Receipts 1002	\$200,000
General Fund 1004	\$100,000

The project is a collaborative effort between the Division of Geological & Geophysical Surveys, Division of Oil and Gas, Department of Environmental Conservation, the University of Alaska and the industry, all of which will

insure utilization of resources for the CO2 storage based on sound science.

Ms. Simons continued:

AP #42062	
Statewide Digital Mapping Initiative Year 3	
Federal Receipts 1002	\$2,000,000
General Fund 1004	\$2,000,000

She discussed that the initiative within "Year 3" would allow all users would have quick and easy access to land resource information; it would replace the 40-year old topographic maps. She understood that Alaska was the last State in the Union to digitize those maps. The request would be on-going for another five year period. Co-Chair Chenault asked if that request would be billed at the estimated \$4 million per year. Ms. Simons replied that they do not know the end number but she imagined that the total cost would be around \$28 million dollars. The Department anticipates receiving around \$18 million federal dollars for the project.

[12:57:01 PM](#)

Ms. Simons pointed out the following proposal for:

AP #6865	
State Park Sanitation & Safety Projects	
General Fund 1004	\$850,000

She stated that the request would address the "worst of the worst" toilets in the State park system.

Ms. Simons continued:

AP #6865	
National Historic Preservation Fund	
Federal Grant Program	
Federal Receipts 1002	\$1,000,000
General Fund match 1003	\$ 50,000

She noted that the dollars are continued federal funding & consistent with prior year funding for the operating grants, which protect the State's Historic Preservation Program.

[12:57:58 PM](#)

Ms. Simons pointed out the following request:

AP #45259  
Geologic Materials Center Deferred Maintenance  
Repairs and Operational Upgrades  
General Fund 1004 \$65,000

She explained that the component requested dollars would be used for regular maintenance and repairs for the geologic material center until a new facility is built.

Ms. Simons continued:

AP #45256  
Cook Inlet Energy Assessment  
Alaska Cap Inc. 1197 \$260,000

The requested assessment provides for private sector resource development information. It will also help to leverage funds from the private sector for the energy sponsorship program.

Ms. Simons continued:

AP #41432  
Fire Fighting Equipment Replacement - Phase 2  
General Fund 1004 \$500,000

She explained that the increment could address the on-going need for replacing and maintaining departmental equipment.

Representative Kelly referenced the previous request, the energy assessment. He asked how that could tie into the Alaska Energy Authority (AEA). Mr. Combellick explained that Project #4, energy inventory, is the project that the Department is conducting in close association with AEA, in order to compile all statewide energy related data. Cook Inlet is a field project, which is collecting new geologic data in that area in support of the industry efforts. He clarified that it is not occurring in specific cooperation with AEA but that they were being consulted.

Co-Chair Meyer stated that there would be no public testimony taken as the meeting.

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RECONVENED: [2:18:10 PM](#)

Ms. Simons identified the following request item:

AP #45257  
Geologic Hazards Associated with  
Climate Change - Phase 1  
General Fund 1004 \$330,000

She stated that the request would be used to identify potential geologic hazards due to climate change. The product produces a hazard map and prioritized report.

[2:19:03 PM](#)

Ms. Simons listed the following items, a continuation of federal funding:

AP #37769  
Federal & Local Government Funded Forest Resource  
and Fire Program Projects  
Federal Receipts 1002 \$2,200,000  
Stat. Designated Receipts 1108 \$ 800,000

AP #40082  
Alaska Coastal Management Federal Pass Through Grants  
Federal Receipts 1002 \$1,360,000

Ms. Simons addressed the following on-going activities:

AP #38480  
Remote Recreational Cabin Sites Surveys & Appraisals  
State Land 1153 \$1,011,000

She explained that the Department contracts with appraisal and surveys of properties sold as remote recreational cabin sites and passes the costs onto the applicants. The request provides authorization to expend those funds.

Ms. Simons added that the following request continues federal funding dollars:

AP #32553  
Alaska Boating Safety Program

Federal Receipts 1002	\$1,000,000
Vehicle Receipts 1195	\$ 200,000

[2:20:00 PM](#)

Ms. Simons continued:

AP #32552	
Land and Water Conservation Fund Federal Grant Program	
Federal Receipts 1002	\$600,000

She stated that the request continues to use federal funding dollars.

Representative Hawker asked why the on-going programs had been included in the capital budget rather than being placed into the operating activities. Ms. Simons did not know the history; however, using the federal grant programs which cross fiscal years, it works better being included in the capital budget as that budget also crosses fiscal years.

Co-Chair Chenault questioned the origination of State funding using vehicle receipts. Ms. Simons explained the reference was in regard to boat registration fees.

[2:21:13 PM](#)

Ms. Simons proceeded:

AP #6854	
National Recreational Trail Grants Federal Program	
Federal Receipts	\$1,500,000

AP #33690	
Snowmobile Trail Development & Program Grants	
Vehicle Receipts 1195	\$250,000

Vice-Chair Stoltze pointed out that the receipt funds had resulted from the snowmobile registration receipts; he asked if they had the opportunity to access other funds.

CHRIS DEGERNES, FIELD OPERATIONS, DIVISION OF PARKS AND OUTDOOR RECREATION, DEPARTMENT OF NATURAL RESOURCES (testified via teleconference), responded that snow-machines do have access to national recreation trail grant

funds. The funds are divided between motorized and non-motorized vehicle trails.

Vice-Chair Stoltze requested the historical percentage breakdown. Ms. Degernes understood that the amounts were divided as follows:

- 30% provided for motorized;
- 30% for non-motorized; and
- 40% for diversified use.

Representative Kelly inquired the break-down between new construction and maintenance. Ms. Simons responded that it would not be a concern to move the request back to the operating budget. Representative Kelly requested the information be forthcoming from the Department.

Vice-Chair Stoltze urged that "trail money" be added to South-central Alaska.

[2:25:10 PM](#)

Ms. Simons continued:

AP #45250  
Plant Material Center Deferred Equipment Replacement  
General Fund 1004 \$465,000

She explained that the request was part of the on-going amount for equipment, maintenance and fixed assets.

[2:25:53 PM](#)

Ms. Simons proceeded with the following three items:

AP #6855  
Abandoned Mine Lands Reclamation Federal Program  
Federal Receipts 1002 \$3,000,000

AP #AMD37762  
Cooperative Water Resource Program  
Division of Mining, Land & Water  
Statutory Designated 1108 \$300,000

AP #AMD45693  
Cooperative Water Resource Program  
Office of Habitat Management & Permitting

Statutory Designated 1108

\$300,000

She explained that the Department of Natural Resources accepts funds from the private sector & local governments and passes them through to the U.S. Government Services (USGS) as part of a funding agreement for those programs. The funding pays for the installation and operations for equipment in order to receive hydrologic data. She pointed out that it had been requested two times on the request list in anticipation of one moving forward to the Department of Fish and Game.

Ms. Simons continued listing the next two request items:

AP #45274  
RS2477 Surveys  
General Fund 1004 \$100,000

AP #45272  
Matanuska Susitna Borough Hydrogeology Assessment  
Phase 1  
General Fund 1004 \$295,000

She advised that in sections of the Ma-Su Borough, the increased demands on ground-water were causing concern in how to meet the water needs in the community. The goal of the study is to provide the Department information on how to manage that ground-water in that area.

Representative Hawker questioned why the request had been limited to the Mat-Su Borough.

Mr. Mylius acknowledged that there are other areas with the same condition; however, the Mat-Su Borough is the fastest growing area in the State right now and almost totally depends on ground-water. The project will begin there first, because there is limited staff and the area is the highest priority.

Vice-Chair Stoltze interjected that the area does have a public water system. He did not want to diminish the need in the Valley project; however, thought that it could have been misidentified.

[2:29:53 PM](#)

Ms. Simons addressed the following four project listings:

AP #34881  
Forest Legacy Federal Grant Program  
Federal Receipts 1002 \$2,516,500

AP #45282  
Kenai River Public Use Study  
General Fund 1004 \$200,000

AP #41648  
Coastal Impact Assistance Program (CIAP)  
Federal Receipts 1002 \$3,000,000

AP #45262  
EVOS Restoration Acquisition of Small Parcels  
Anchor River, Kilunda Bay, Soldotna, Valdez  
EVOSS 1018 \$1,513,000

[2:30:49 PM](#)

Ms. Simons continued:

AP #45263  
EVOS parcel Acquisition-Afognak  
EVOSS 1018 \$10,000,000

She noted that the request would approve the purchase of 6,200 acres in northern Afognak Island.

Ms. Simons identified the following requested item:

AP #6853  
Mental Health Trust Land Development  
MHTAAR 1092 \$650,000

She commented that the amount would support the Alaska Mental Health Trust Authority (AMHTA) ongoing management & development of the mental health trust lands on behalf of the Authority.

[2:31:28 PM](#)

Ms. Simons addressed the last item on the list before the members:

AP #40474  
Mental Health Trust Facilities Maintenance

She explained that the requested funds would be used for regular facility maintenance and replacement and on-going property work with snow removal, maintenance and repair for those properties.

[2:31:56 PM](#)

Ms. Simons clarified that there are four remaining projects on another list that originally had been listed on the FY08 surplus funding list:

AP #41410	
Alaska Land Mobile Radio-FCC Narrowbanding Phase 2	
General Fund 1004	\$450,000

She noted that the request would fund the Federal Communication Commission (FCC) migration to narrow-banding to 2013.

Co-Chair Chenault inquired the number of anticipated phases. Ms. Simons offered to research that & provide the information to the Committee.

Representative Joule asked if it had previously been located in the Department of Military and Veterans Affairs. Ms. Simons understood that it was located in more than one State agency.

[2:33:17 PM](#)

Ms. Simons explained that the following request:

AP #38872	
Unified Permit Project - Completion of Phase 4	
General Fund 1004	\$800,000

She stated that once the project is complete, it will provide applicants with automated & a streamlined processing system for acquiring permit leases for water rights, burn permits and right of ways, etc.

Co-Chair Chenault asked for information regarding the total anticipated costs of the project. Ms. Simons stated that the total cost was anticipated to be \$5.4 million dollars

over a seven year period. She offered to research it further.

[2:34:32 PM](#)

Ms. Simons continued:

AP #45269  
DNR Document Management System  
General Fund 1004 \$1,200,000

She pointed out that the request would automate the Department's case files by converting them to digital formats.

Ms. Simons addressed the last item on the list:

AP #45270  
DNR Information Technology Infrastructure Upgrades  
General Fund 1004 \$276,000

The request provides for regular maintenance & upgrading of the Department's technology systems.

Representative Thomas asked about titling for land purchased by the State and transferred into State property. He mentioned property donated in Haines Alaska for the Bald Eagle Preserve. Ms. Simons offered to provide information about how such circumstances are handled.

Representative Gara amplified the need regarding to update the statewide title system. He emphasized that "it currently, is a mess".

#### DEPARTMENT OF ENVIRONMENTAL CONSERVATION

MIKE MAHER, DIRECTOR, DIVISION OF ADMINISTRATIVE SERVICES, DEPARTMENT OF REVENUE, introduced the Department's project listings:

AP #45210  
Monitoring of Dust Control Technologies in Rural AK  
General Fund 1004 \$224,107

[2:38:36 PM](#)

TOM CHAPPLE, DIRECTOR, DIVISION OF AIR AND WATER QUALITY, DEPARTMENT OF ENVIRONMENTAL CONSERVATION (testified via teleconference), addressed the project. He noted that the project worked hand-in-hand with those indicated in the Department of Transportation and Public Facilities, providing the air quality monitoring associated with dust control pilot project. He reiterated that the proposed plan was a strategy proposed by both departments to avoid a federal intervention cutting the pollution.

Vice-Chair Stoltze recalled the PM-10 federal grant dollars for leveraging. Mr. Chapple acknowledged that there had been money available then by using the PM-10, however that has diminished. There are no additional federal grants funds available at this time.

[2:41:04 PM](#)

BILL GRIFFITH, FACILITIES PROGRAM MANAGER, DIVISION OF WATER, DEPARTMENT OF ENVIRONMENTAL CONSERVATION, addressed the following requested item:

AP #41376	
Water and Wastewater Infrastructure Projects	
Federal Receipts 1002	\$78,728,511
General Fund Match 1003	\$22,909.504
General Fund 1004	\$18,966,870
Statutory Designates PR 1108	\$ 500,000

He explained the appropriation request. The total appropriation is \$121.1 million dollars, which consists of multiple allocations for statewide water and waste water improvement projects. The increment will improve & protect rural households with basic sanitation services and assisting communities with their existing systems.

Co-Chair Chenault requested a list of where each project was located statewide. Mr. Griffith offered to make that available.

Mr. Griffith pointed out that in addition to the single allocations, the appropriation also includes a single larger allocation for statewide water and wastewater infrastructure projects using those federal funds. The funding for projects consists of 75% federal receipt authority & 25% required State match dollars. He listed the projects included.

He reminded Committee members that a three year priority list was established according to federal funding requirements for funding large, multi-year projects. This is the first year that all projects requiring federal funding have been consolidated into one project allocation.

[2:46:28 PM](#)

DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT

TED LEONARD, DEPUTY COMMISSIONER, DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT, introduced departmental staff.

SAMUEL THOMAS, DIRECTOR, DIVISION OF ADMINISTRATIVE SERVICES, DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT, addressed the first listing proposed by the Department:

[2:47:02 PM](#)

AP #38946	
Community Block Grants	
Federal Receipts 1002	\$6,030,000
General Fund Match 1003	\$ 70,000

He explained the use for the community services and development grants. The goal of RuralCap is to protect the heritage and improve the quality of life for those low-income residents by providing training. He spoke to the community development block grants that benefit low income people by providing financial resources for the public facilities. The remaining programs are small, such as the food and nutrition grants used to feed the homeless throughout Alaska & provide for emergency shelter grants.

[2:50:42 PM](#)

Mr. Thomas identified the following project:

AP #AMD45296	
Licensing Document Imaging & Archival System	
Receipt Services 1156	\$600,000
Blic&Corp 1175	\$600,000

He explained that the dollars would be used toward business licensing, banking and insurance. The request is associated with three main objectives:

- Replace licensing into hard copy format;
- Integrating & digitize information; and
- Refinance and streamlining work-flow between Anchorage and Juneau.

Representative Hawker indicated that he was "skeptical" of the Department's ability to be able to manage money and data. Co-Chair Meyer agreed it was worrisome.

[2:52:55 PM](#)

Mr. Leonard highlighted the following component:

AP #AMD45298	
Investigation System Integration	
Receipt Services 1156	\$225,000
Blic&Corp 1175	\$225,000

He explained that the increment provides for an integrative package, consolidating three investigative services into one place. Additionally, it is anticipated garnishing a performance tool, measuring effectiveness of the Division's case management skills.

[2:54:05 PM](#)

Mr. Thomas continued:

AP #45292	
Public Information System Security	
Receipt Services 1156	\$250,000
Blic&Corp 1175	\$250,000

He noted that the Department has over thirty [30] radio systems available for public. The concern is protecting the personal data security of the system for the licensing & banking side of the equation.

[2:56:04 PM](#)

Mr. Thomas addressed the following item request:

AP #45293

Professional Licensing Website Development  
Receipt Services 1156 \$400,000

He stated that the professional licensing consists of over thirty eight [38] boards and commissions and that only six of those systems have been computerized.

[2:57:06 PM](#)

Mr. Thomas described the component request:

AP #38950  
Alaska Energy Authority Energy Projects  
Federal Receipts 1002 \$30,000,000  
I/A Receipts 1007 \$ 500,000  
Statutory Designated Rcpt 1108 \$ 500,000  
Alaska Cap Inc 1197 \$10,000,000

Mr. Thomas clarified the three main items contained within that request and explained each:

- Bulk fuel upgrades
- Rural power system upgrades
- Alternative energy efficient programs

Co-Chair Meyer asked about the wind-power options. Mr. Thomas responded that the Denali Commission is currently studying wind project options. There are no specific projects at this time slated to start by 2009.

[3:04:01 PM](#)

Mr. Thomas continued:

AP #40056  
Organization Grants - Statutory  
General Fund 1004 \$200,000

Mr. Samuels explained that the grant dollars would be provided to the City of Wrangell for forming a borough.

[3:04:56 PM](#)

Mr. Samuels continued:

AP #45409  
Tourism Economic Impact Study

General Fund 1004

\$100,000

Vice-Chair Stoltze addressed a need to look at sport-fishery issues & those impacts on State tourism. He doubted if the Administration would have a problem tying sport-fishing to distressed areas. Mr. Leonard agreed, the Department supports that amendment language.

[3:06:59 PM](#)

Mr. Leonard identified the following project request:

AP #41789	
Kodiak Launch Complex Infrastructure	
Federal Receipts 1002	\$14,000,000
General Fund 1004	\$ 3,500,000

He explained that the aerospace development had requested a rocket based storage facility and launch pad, which would be a two-year project. The prime customer would be the Missile Defense Agency (MDA). A third pad allows for two launches to be occurring at the same time. He noted the new customer, the U.S. Air Force.

Representative Gara questioned creation of a viable, local aerospace industry, which is mostly accommodating the U.S. military. He inquired what industry could be produced from the increment. Mr. Leonard explained what the third launch pad would be offering the State an ability to do commercial launches. The current facility offers the City of Kodiak approximately \$5 million dollars revenue each year. Building a 3<sup>rd</sup> launch pad, the Department anticipates that within a four or five year period:

- With that number of customers, the State would be able to provide a dividend; or
- Another option would be making the corporation private.

Representative Gara referenced Page 20 and questioned where the launch revenue ends up. Mr. Leonard clarified that those revenue dollars would go into the Aerospace Corporation. He noted that the State now owns about \$2 million in assets. Representative Gara stressed that the benefits to the State were being overstated, especially if the agency goes private.

Representative Hawker disclosed that he did not think the requested item was a "legitimate State activity", but however, opined that the State is "too far into it" now.

[3:14:17 PM](#)

Mr. Leonard continued:

AP #AMD40242	
Manufacturing Extension Program	
General Fund 1004	\$806,401

Mr. Leonard described the nationwide network program, which is used for non-profit centers with the purpose of providing small and medium sized manufacturers help necessary to succeed. He pointed out that there are federal dollars available for the program, however they are not indicated.

Representative Hawker wondered about the \$2.4 million dollars a year spent and who those beneficiaries were. Mr. Leonard explained that the program started in 2005. Federal dollars require that there are performance measures necessary based on the bottom-line client impact, investment leverage, clients served and a percent quantified impact. Mr. Thomas added that in 2006, the U.S. general accounting office conducted a study on the program, which determined it as very valuable and providing for new jobs nationwide. The program was highly recommended to the U.S. Congress.

Representative Joule inquired if they had entered into a high-end market. Mr. Thomas affirmed it was.

Co-Chair Meyer requested examples of other business benefiting from the program. Representative Joule understood that the program attempts to help find a market for manufactured art throughout the State. Mr. Thomas explained that the program helps rural Alaskans sell their products, working with the National Institute of Foundation and Technology.

[3:22:16 PM](#)

Mr. Thomas proceeded:

AP #41959

Arctic Winter Games Team Alaska  
General Fund 1004 \$250,000

Mr. Thomas elaborated on the Arctic Winter Games, which began in 1970. Up until 2005, the games were gifted \$250 thousand dollars. He described the games and the amount of participation. He understood that this year, over 100 youth would be participating. Representative Joule interjected that the games take place in Yellowknife.

Co-Chair Meyer recommended that if the expense was going to receive continued funding, it should be moved out of the capital budget and into the operating budget.

[3:24:41 PM](#)

Mr. Thomas highlighted the following request item:

AP #45654  
Alaska Travel Industry Association (ATIA)  
Vehicle Rental Tax 1200 \$3,000,000

Mr. Thomas mentioned HB 147, which addresses the Alaska Travel Industry Association (ATIA) concerns. Co-Chair Meyer pointed out that \$900 thousand dollars had been included in the operating budget for that request. He inquired if ATIA had submitted the proposed budget every year to the Department for approval. Mr. Thomas said yes.

[3:25:27 PM](#)

Mr. Thomas continued:

AP #38713  
Arctic Power  
General Fund 1004 \$120,000

Mr. Leonard reported that the allocation would continue the education efforts to open the coastal plain of the Arctic National Wildlife Refuge (ANWR). The request would be used for educating federal members of the U.S. Congress.

Representative Hawker shared the hopes of Arctic Power Corporation and the frustrations of their previous requests. He asked why the request was so small. Mr. Leonard offered to provide more information on the

component; he understood that the request was only for a "maintenance" budget.

Representative Hawker wanted to see reserves made available for development. Mr. Leonard understood that the attempt was to divert more education on Alaska to the D.C. delegation for the need of the oil and gas reserves. Co-Chair Meyer agreed with the comments made by Representative Hawker.

[3:28:10 PM](#)

Mr. Thomas addressed the following requested item:

AP #38948  
Language Section: NPR-A Impact Grant Program  
General Fund 1004 \$5,600,000

Mr. Thomas stated that the Department is still in the process of getting the needed applications. Nothing has yet been finalized.

Mr. Thomas continued:

AP #45418  
Language Section: Revenue Sharing  
General Fund 1004 \$75,000,000

Mr. Thomas noted that the House and the Senate had passed the revenue sharing component.

Mr. Thomas concluded:

AP #32590  
Language Section: Electrical Emergencies  
General Fund 1004 \$250,000

Mr. Thomas reported on previous funding. The fund provides technical support when any electrical utility has lost the ability to transmit power to their customers.

[3:30:49 PM](#)

Vice-Chair Stoltze asked about the electrical emergency repairs and the coverage extended to individual property owner loss during outages. Mr. Thomas offered to research that information.

Representative Thomas mentioned the danger of power lines being heavy with snow and injuries then resulting to snow-mobile riders. Mr. Thomas did not know. Co-Chair Meyer recommended those comments should be redirected.

Representative Joule recalled the old name of Department of Commerce, Community and Economic Development which was the Department of Community and Regional Affairs. He pointed to the challenges resulting from erosion experienced by several rural communities. He questioned why there had no capital budget item request for those communities included. Mr. Thomas explained that the Department had requested an item to be included called Climate Change Impact for \$1 million dollars. He thought those communities could qualify under that item. Representative Joule warned that the Department needs to address these critical concerns as soon as possible.

Mr. Leonard reported that the Department has been working with the federal government to get the funding. He said that the \$1.1 million dollars is the first step. Representative Joule maintained that no one is responding to the crisis quick enough. He hoped that the Department would add additional requests to these urgent needs.

[3:39:18 PM](#)

DEPARTMENT OF MILITARY AND VETERAN AFFAIRS

JOHN CRAMER, DEPUTY COMMISSIONER & DIRECTOR, DIVISION OF ADMINISTRATIVE SERVICES, DEPARTMENT OF MILITARY AND VETERANS AFFAIRS, addressed the Department's following requests:

AP #40060	
Alaska Aviation Safety Project	
General Fund 1004	\$500,000

Mr. Cramer addressed the multi-faceted research project, a funded primarily through National Aeronautic Space Association (NASA). The mission of the project is to reduce aircraft related fatalities statewide.

[3:41:57 PM](#)

Mr. Cramer explained the following request item:

AP #45205  
Anchorage Armory Roof Replacement  
Federal Receipts 1002 \$2,000,000  
General Fund Match 1003 \$2,000,000

He explained that the roof replacement is needed. Leaks are springing up throughout that roof and the Department is concerned about the integrity of the fire retardant.

[3:42:33 PM](#)

Mr. Cramer referenced the third requested item:

AP #42900  
Army Guard Facilities Projects  
Federal Receipts 1002 \$750,000  
General Fund Match 1003 \$750,000

He stated the increment would be used to address statewide armories in 96 varying locations. The age of many of the facilities is over 30-years. The request is an on-going deferred maintenance unmet concern.

[3:43:17 PM](#)

Mr. Cramer continued:

AP #43330  
Compliance Cleanup Site Restoration  
Federal Receipts 1002 \$5,000,000

He noted that the Department has identified statewide approximately \$34 million dollars for liability armory issues. The project intends to identify and then clean-up the buildings of greatest concern.

[3:43:47 PM](#)

Mr. Cramer continued:

AP #45174  
Improved Communications for Emergency Response (ICER)  
Federal Receipts 1002 \$3,200,000  
General Fund Match 1003 \$ 800,000

Mr. Cramer advised that the State has been notified by the U.S. Congressional delegation of a new emergency response grant program. The intent of that program is to provide funding for building upon one-time public safety communications grant, insuring implementation of the Alaska plan.

Vice-Chair Stoltze asked if there was an incentive for the Anchorage's Police Department to get on the same communication system as the rest of the State. Mr. Cramer acknowledged that there are many frequent issues within that system; he thought the system had been technologically modified.

[3:46:44 PM](#)

Mr. Cramer highlighted the following request:

AP #35774	
Military Youth Academy Deferred Maintenance, Renewal, and Replacement	
General Fund 1004	\$1,000,000

He commented that at Camp Carol in Ft. Richardson, the military youth academy occupies twenty-three buildings. The average life of those buildings is about 35-years. Two academies are run through that system per year. There are many inadequacies in those facilities. The funding request would be used to address basic life safety issues in those locations, adding that none of the buildings currently are compliant with the Americans with Disability Act (ADA).

[3:47:39 PM](#)

Mr. Cramer continued:

AP #42898	
National Guard Counterdrug Support Program	
Federal Receipts 1002	\$100,000

He stated that the Department is one of many agencies that participate in the above mentioned program and the Department is attempting to work to deprive criminals of profit and proceeds resulting from the sales of illegal drug activity. He added that the Department does receive a share of those proceeds.

Co-Chair Meyer interjected that any item 100% federal receipts does not need to be explained.

[3:48:38 PM](#)

Mr. Cramer pointed out the following request item:

AP #42901  
State Homeland Security Grant Program  
Federal Receipts 1002 \$9,500,000

He noted it is additionally a total federal program.

AP #AMD45547  
Alaska Military Youth Academy - Building Repair  
and Compliance and Emergency Equipment  
Federal Receipts 1002 \$1,769,915  
Alaska Cap Inc. 1197 \$6,142,000

Mr. Cramer stated that the request provides for multiple projects, which he offered to review. Co-Chair Meyer noticed that the requests were allocations and asked members to decide if they had questions.

AT-EASE: [3:50:12 PM](#)  
RECONVENE: [4:01:04 PM](#)

DEPARTMENT OF HEALTH AND SOCIAL SERVICES

ARNOLD LIEBELT, FACILITIES SECTION CHIEF, DEPARTMENT OF HEALTH AND SOCIAL SERVICES, noted that he would introduce the capital budget requests put forth by the Department. He distributed a handout of the power point presentation. (Copy of File). The mission of the Department is to promote & protect the health and well being of all Alaskans.

STEVE MCCOMB, ACTING DIRECTOR, DIVISION OF JUVENILE JUSTICE, DEPARTMENT OF HEALTH AND SOCIAL SERVICES, (testified via teleconference), indicated he was available to further explain the first request of the Department.

Mr. Liebelt listed that request:

AP #41336

McLaughlin Youth Center Renovation to meet Safety  
And Security Needs, Phase 1  
General Fund 1004 \$19,503,700

Mr. Liebelt referenced Pages 2 - 4. He noted that counsel determined the safety issues at the four oldest youth facilities throughout the State, including Fairbanks, Bethel, Johnson Youth Center & the McLaughlin Youth Center. Through various findings, the Division has put together a six-year plan on how best to address the issues. The highest priority on that list is the McLaughlin Youth Center, the oldest facility, which was constructed in 1967. He highlighted the first phase, which would not increase the facilities bed capacity.

[4:05:48 PM](#)

Co-Chair Meyer referenced the entire building expansion location and wondered if the McLaughlin Youth Center was situated in the best location. Mr. Liebelt said it was. He deferred to Mr. McComb.

Mr. McComb elaborated that the proximity was good because it is close to the Anchorage Police department and close to the bus station in order that parents can visit the facility.

Co-Chair Chenault questioned if new beds would be constructed during Phase 1. Mr. Liebelt responded that the twenty-five new beds would be replacing only dilapidated old beds.

Co-Chair Chenault asked the capacity of that facility. Mr. McComb replied 160 beds.

Co-Chair Chenault asked about the plans for Phases 2, 3, and 4. Mr. McComb commented it is important to remember that the upgrades would be for all statewide facilities. He added that each project would be stand-alone.

[4:09:46 PM](#)

Co-Chair Chenault inquired about funding allocations directed toward the projects. Mr. Liebelt stated that the numbers and schedules had been submitted by design consultants; however, the McLaughlin Youth Center was the only one included in the Governor's request.

Representative Hawker mentioned the "truth in budgeting" recommendations, commenting that the Department's long-term project was a good approach and a job well done.

Representative Joule questioned the impact to the Juneau Youth Center, which initially had been included in the Phase 1 request. Mr. Liebelt speculated on several possibilities, which is now taking the Division "back to the drawing board". He did not know what to expect for next year.

Representative Hawker proposed that the Committee take a serious look at the request for the youth facilities and the proposals put forward by the Department of Justice as versus the recommendation of the Governor.

[4:15:18 PM](#)

Co-Chair Chenault directed comments to the immensity of the problem, noting that the proposal was a six year plan in the amount of a \$170 million dollar request.

Representative Joule commented on the number of laws passed that impact the youth criminal justice centers.

Representative Gara shared perspective that he had personally visited the McLaughlin Youth Center, noting the national recognition for the reduced recidivism rates from that facility.

[4:16:58 PM](#)

Mr. Liebelt continued:

AP #45177	
Sitka Pioneer Home Roof Replacement	
General Fund 1004	\$1,900,000

He clarified that the Sitka Pioneer Home is the oldest facility that the Department is responsible for maintaining, which was constructed in 1933. It has a unique terra cotta roofing style, which has lasted nearly 75-years. The job will be labor intensive, removing all the tiles and repairing the rot damage and then replacing tiles where necessary. The roof has been patched over the last several years and now needs to be replaced.

Representative Hawker pointed out that the current roof lasted 73 years. Mr. Liebelt elaborated the advantages of a terra cotta tile roof; however, the problems exist because of the excessive amount of rainfall in Southeast Alaska.

Mr. Liebelt highlighted the following project:

AP #AMD45641	
Alaska DHSS Deferred Maintenance, Renovation, Repair, and Equipment	
Federal Receipts 1002	\$ 81,600
Alaska Cap Inc	\$7,110,000

He commented that there had been an amendment proposed for that amount, changing it from the Alaska Student Loan Corporation (ASLC) to the Alaska Capital Income Fund (ACIF). He referenced Page 6 of the handout, indicating various allocations of funds and facilities.

Co-Chair Meyer referenced Item #25, the Sitka Pioneer Home and asked if that could be combined with the Pioneer Home roof project. Mr. Liebelt responded that those two categories need to be kept separate.

Co-Chair Chenault inquired if most of the requested allocations would be used for roof replacements. Mr. Liebelt responded there are not that many roof repairs needed, but rather deferred maintenance issues for many facilities.

Co-Chair Chenault asked about the funding source change to the Alaska Capital Income Fund and offered to consult with the Office of Management and Budget (OMB) for the correct information.

[4:24:57 PM](#)

Mr. Liebelt continued:

AP #31862	
Non-Pioneer Home Deferred Maintenance, Renovation, Repair and Equipment	
Federal Receipts 1002	\$ 7,600
General Fund Match 1003	\$750,000

He commented that the funds would be used for past work. Once the Department received responsibility for caring for the pioneer homes several years ago, they moved forward to address deferred maintenance requests. The Pioneer Homes were moved into the proposed bond package and left with an additional \$750 thousand dollars, in which those dollars could be used for non-pioneer home matters.

Mr. Liebelt addressed the following project request.

AP #45404	
Federally Mandated Child & Family Services Review	
Federal Receipts 1002	\$ 48,300
General Fund Match 1003	\$151,700

LAURA BAKER, BUDGET CHIEF, DIVISION OF ADMINISTRATIVE SERVICES, DEPARTMENT OF HEALTH AND SOCIAL SERVICES, spoke to the allocation for the project request. The Office of Children's Services (OCS) went under federal review in 2002-2004 and the results found a number of states having to go through a second round of reviews; that began in 2007. Again, not all states were in compliance in their efforts, consequently, there is another review beginning in September 2008 for Alaska. The request provides additional resources on a one time bases to allow OCS staff to perform some of those tasks.

Mr. Liebelt continued:

AP #32446	
Safety & Support Equipment for Probation Officers, Social Workers, and Pioneer Home Residents & Staff	
Federal Receipts 1002	\$ 87,800
General Fund Match 1003	\$399,700
General Fund 1004	\$350,000

He explained that the request addresses the equipment needs for various departmental divisions. He listed the distribution amounts for each agency. He pointed out the worker's compensation cost data to reduce injury rates.

[4:30:25 PM](#)

Mr. Liebelt added the following project request:

AP #35721

Information Services Security Enhancements  
Federal Receipts 1002 \$1,000,000

He pointed out it is 100% federally funded.

AP #45182  
Craig Public Health Center Replacement  
General Fund Match 1003 \$797,900

The City of Craig just completed the design for the construction of a new community facility that would house offices for the City and the public health staff. He admitted that the project could be one of high leveraging.

[4:31:22 PM](#)

Mr. Liebelt continued:

AP #42837  
Emergency Medical Services Ambulances and  
Equipment Statewide-Match for Code Blue Project  
General Fund Match 1003 \$425,000

He pointed out that the Department has requested the same amount from General Fund match funds for that project in the past. It is also a high leveraging project and will purchase ambulances and other emergency medical equipment needed in the rural communities.

[4:31:59 PM](#)

Mr. Liebelt noted that the following three projects have resulted from the Mental Health (MH) bill:

AP #33672  
MH Essential Program Equipment  
General Fund / Mental Health 1037 \$250,000

The funds would be used for a competitive grant program the Department offers annually to provide basic one-time equipment for non-profit agencies providing services for Trust beneficiaries across the State. In the past, it has been a successful program.

AP #33671  
MH Home Modification & Upgrades to Retain Housing  
General Fund/Mental Health 1037 \$250,000

MHTAAR 1092

\$250,000

He explained that the project has been successful in serving Trust beneficiaries. The award can be up to \$12 thousand dollars for individual's homes for improvements so that they can live more independently, having greater access. The award process would be competitive.

Representative Hawker asked if the Alaska Housing Finance Corporation (AHFC) weatherization increment had been included and if it would be duplicating dollars. Mr. Liebelt deferred the question.

JENNIFER KLEIN, FACILITIES MANAGER, DIVISION OF FINANCE & MANAGEMENT SERVICES, FACILITIES AND PLANNING OFFICE, DEPARTMENT OF HEALTH AND SOCIAL SERVICES, advised the program could not be duplicated.

[4:35:08 PM](#)

Mr. Liebelt proceeded:

AP #37901	
MH Treatment & Recovery Based Special Needs Housing	
General Fund/Mental Health 1037	\$250,000
MHTAAR 1092	\$250,000
AHFC Division 1139	\$250,000

Mr. Liebelt reported that the request is also a grant program for agencies to develop service enriched transitional housing units to support recovery for the high-risk alcoholic population.

Representative Hawker asked if any funds would be duplicated. Mr. Liebelt reiterated they would not.

Representative Hawker noted "conflicting testimony" regarding that issue. Mr. Liebelt reiterated that services must be kept separate, acknowledging that there are some types of transitional housing that could be supported, which depends upon custody issues of those living at that housing. There has to be a separation between the service provided and the housing itself.

[4:37:00 PM](#)

Mr. Liebelt addressed the following IT project requests:

AP #42853  
Electronic Vital Record Registration System  
General Fund 1004 \$3,724,500

The funds would be used to replace the 20-year old system currently in use. The old system is outdated and difficult to maintain.

Mr. Liebelt continued:

AP #42854  
Evaluate Eligibility Information System  
Alternatives, Phase 2  
Federal Receipts 1002 \$389,700  
General Fund Match 1003 \$389,700  
General Fund 1004 \$ 84,900

Mr. Liebelt reported on the request for phase 2 of a comprehensive needs assessment & feasibility study of a system used for upgrading and replacing unit existing 24-year old Evaluate Eligibility Information (EIS) system. He listed the programs that the system supports. The request does not replace the system, but rather an investigation of the best way to replace that system. They are very expensive to purchase. He proposed the possibility of copying another system adopted by a different state and then making adjustments to that program so that it can address Alaska's needs.

Co-Chair Chenault inquired the estimated costs for replacement. Mr. Liebelt did not know, reiterating that it would be high. The State of Texas spent \$124 million dollars and it took 4 years to implement.

Co-Chair Chenault inquired how many additional phases would be needed. Mr. Liebelt responded that the third phase would be the actual request for funding for the EIS system. In response to Co-Chair Chenault, Mr. Liebelt added that phase 1 would cost the State about \$662 thousand dollars in order to create a project team; phase 2 would be the proposed request, which will determine the direction for the State to move forward.

Mr. Liebelt identified the following request item:

AP #42856

Eligibility Information System Maintenance	
Federal Receipts 1002	\$163,400
General Fund Match 1003	\$159,100
General Fund 1004	\$105,300

He explained that the request ties directly to the previous request. Until the EIS is actually replaced, the Department needs funding to maintain it. A new system would not be on line and operational for eight to ten years.

Representative Joule questioned what would happen if the State does not maintain the current system. Mr. Liebelt warned there would be many ramifications.

ALLIE FITZJARRALD, ACTING DIRECTOR, DIVISION OF PUBLIC ASSISTANCE, DEPARTMENT OF HEALTH AND SOCIAL SERVICES, responded that if the system is not maintained, the State risks losing benefits to the needy families. The current system is old and costly to maintain and is not keeping up with current business needs. Meeting federal and State requirements is becoming more and more difficult.

Representative Joule asked if there could be potential penalties. Ms. Fitzjarrald reported that there are penalties associated with not meeting the court required information for drawing federal match dollars.

Mr. Liebelt continued:

AP #42858	
Fraud Case Management System Replacement	
Federal Receipts 1002	\$113,900
General Fund Match 1003	\$110,900
General Fund 1004	\$ 73,400

Mr. Liebelt described the project which would fund the development of a new fraud case management system. The existing system uses a Microsoft data base, which is outdated and unstable. That system would be replaced with a web-based system.

Representative Hawker asked if the system would be used by the Department or another source. Ms. Fitzjarrald responded that it would be used by the Division of Public Assistance, Fraud Control Unit.

Mr. Liebelt listed the last project:

AP #33443  
Emergency Medical Services-Emergency Communications  
General Fund 1004 \$265,000

Mr. Liebelt stated that the purpose of the project is to protect the health and safety of Alaskans by maintaining and updating the emergency response systems statewide, particularly in rural Alaska. There are three components to funding the request:

- Assessment of the repair needs;
- Updating of the statewide Emergency Medical Services (EMS) communications plan; and
- Completion of the highest priority projects.

[4:48:02 PM](#)

Representative Hawker commented on the need for "front-end work" converting the State's electronic management systems. He anticipated over one billion dollars in projects being proposed; he emphasized the need for a ten-year cash flow plan in place to understand the context of these decisions.

[4:50:48 PM](#)

DEPARTMENT OF FISH AND GAME

JEFF HOOVER, ADMINISTRATIVE SERVICES MANAGER, DIVISION OF ADMINISTRATIVE SERVICES, DEPARTMENT OF FISH AND GAME, advised that the Department's projects had been prioritized in the proposed bill and listed in that order. There are IT projects listed in the FY2009 request.

[4:51:28 PM](#)

Mr. Hoover described the first project:

AP #43322  
Statewide Deferred Maintenance, Repair, Upgrades  
and Equipment  
General Fund 1004 \$1,000,000

The request is an annual and on-going need to provide repairs and maintenance to the Department facilities

statewide, including vessel and aircraft maintenance repair and purchase of field equipment. There are four parts of the request with employees in approximately 40 locations across the State. The maintenance is above and beyond that paid for out of the operating budget.

[4:53:27 PM](#)

Mr. Hoover continued:

AP #45363  
Power Backup for Genetics Laboratory  
General Fund 1004 \$100,000

The project funds the engineering, purchase and installation of generators for backing up freezers in the laboratory in case of an electrical power outage in Anchorage. It would be a one-time project funding. There are about 450,000 fish specimens, currently located at that spot.

[4:54:11 PM](#)

Mr. Hoover outlined the following project:

AP #45368  
Assessment of Pacific Salmon Resources in AYK  
Northern Region  
General Fund 1004 \$150,000

He stated that it would be a phased project over a couple years with the purpose of the study to evaluate the distribution and abundance of Pacific salmon in Arctic fresh water north and east of Pt. Hope.

[4:54:56 PM](#)

Mr. Hoover noted that:

AP #42948  
Fairbanks Regional Office Enclosed Secure Storage  
Compound Design/Construction  
General Fund 1004 \$2,000,000

The project funds the design and construction of a new storage facility within the existing Fish and Game compound. It would be a one-time funded project.

Presently, there is unsecured storage around the historic farm; over the years, there have been a number of thefts. Currently, Risk Management will not insure the contents of the building. The facility would offer about 10,000 square feet of secured storage.

[4:56:19 PM](#)

Mr. Hoover continued:

AP #45381	
Subsistence Technical and Scientific Reporting	
Integration into Department Database	
General Fund 1004	\$127,400

The project would add subsistence, fisheries and wild life publications into a text searchable database, making it easier to locate the information. It would be a one-time request.

[4:57:01 PM](#)

Mr. Hoover identified the following request:

AP #45369	
Kodiak Aircraft Hangar Upgrade	
General Fund 1004	\$225,000

The project funds the design & construction expansion of the commercial fisheries hangar in Kodiak. The current hangar is not large enough. The proposed air hanger would house four aircraft and provide storage. The project would add 4,500 square feet to the existing building.

Representative Joule asked if the building would be heated. Mr. Hoover did not know.

Co-Chair Chenault did not believe that the proposed request amount could cover the costs of design and construction of that size building. Mr. Hoover offered to provide further information.

[5:00:27 PM](#)

Mr. Hoover pointed out the following request:

AP #42981

Kodiak Near Island Facility  
General Fund 1004 \$2,000,000

The project would assist the Kodiak Island Borough in its efforts to move from the design stage to constructing a new facility. Currently, the Borough has received \$1.5 million dollars for design. The Near Island sight is adjacent to the University of Alaska and National Oceanic and Atmospheric Administration (NOAA) Marine Fisheries. The Borough is seeking additional funding from Exxon Valdez oil spill monies.

[5:01:41 PM](#)

Mr. Hoover discussed:

AP #44823  
Lower Kasilof Boat Launch  
Federal Receipts 1002 \$ 750,000  
General Fund 1004 \$1,250,000

The project funds the purchase of property and design & construction of a public access boat launch at 3.5 Mile, Kasilof River. It would be a phased-in project.

Discussion occurred between Co-Chair Chenault and Representative Thomas regarding a project that had been vetoed previously.

Representative Gara questioned a previous requested item, wondering if Kodiak had spent \$1.5 million dollars for the design of the \$8 million dollar building. Mr. Hoover understood that the cost of the building has been estimated to be around \$13 million dollars. Representative Gara questioned the amount spent on the actual design plans. Mr. Hoover remembered that they had received \$1.5 million dollars, which he assumed had been used for design, but perhaps it also covered other expenses. He offered to research that information.

[5:05:21 PM](#)

Mr. Hoover continued:

AP #44833  
Kanaiku Lake - Angoon Fish Ladder  
General Fund 1004 \$200,000

He stated that the funding would be one-time and would provide for planning, construction and elevation of a sockeye salmon fish pass near Kanaiku Lake close to Angoon.

Co-Chair Chenault questioned if it would be natural or an enhancement. Representative Thomas replied natural.

[5:06:31 PM](#)

Mr. Hoover outlined the following two request items:

AP #33647	
Pacific Coastal Salmon Recovery Fund	
Federal Receipts 1002	\$22,000,000

AP #45358	
Licensing Point of Sale System	
Fish/Game 1024	\$200,000

He pointed out that the Department is developing a point of sale system so that hunting and fishing licenses can be sold at major vendors and regional offices. The above mentioned request would provide funds for purchasing equipment & terminals for those vendors and regional offices.

Vice-Chair Stoltze commented that the expenditure would not be spent in Interior Alaska as they have only 7% of the licenses. Mr. Hoover offered to provide a list of the top 35 vendors.

Co-Chair Chenault questioned if the purchase of the license would be overseen by each vendor. Mr. Hoover affirmed it would and that they would receive a percentage cut of the license sales. Co-Chair Chenault wanted to know that purchases would be checked.

[5:09:19 PM](#)

Mr. Hoover continued:

AP #45374	
Crew Member Fishing Participation Database	
Design / Development	
Fish/Game 1024	\$150,000

The project would provide funds for the development of an electronic system for collection, maintaining and reporting commercial fishing activities for crew members. It would be a one-time project funding.

[5:09:55 PM](#)

Mr. Hoover discussed the following request item:

AP #31317	
Juneau Hunter Education Indoor	
Shooting Range Completion	
Fish/Game 1024	\$150,000
Statutory Designated 1108	\$188,000

The project would allow for the completion of the Juneau shooting range constructed in 2004. This would be a one time project funding. The Department is working with the City and Borough of Juneau (CBJ) to complete the archery portion.

Vice-Chair Stoltze recalled in the past that Juneau had attempted to determine how to spend their crew ship tax dollars and wondered if those funds could be partially used on the rifle range. Mr. Hoover responded that CBJ did assist the Department in efforts at the rifle range.

Co-Chair Chenault referenced operating and maintenance costs and asked if the State had placed \$100 thousand dollars into the rifle range each year. Mr. Hoover said yes. Co-Chair Chenault requested the yearly dollar numbers associated with statewide shooting range expenditures. Mr. Hoover agreed.

[5:12:22 PM](#)

Mr. Hoover continued:

AP #45220	
Birch Lake Weir Site Land Acquisition	
Federal Receipts 1002	\$150,000
Fish/Game 1024	\$ 50,000

The funding would allow the appraisal and land purchase of the Birch Lake weir.

Co-Chair Chenault inquired if the State would be manning the weir project. Mr. Hoover replied they would and has been operated by the Department since 1952.

Vice-Chair Stoltze surmised that there are many weir projects, placing pressure on other statewide projects. He worried about project needs being met in the Valley.

CHARLES SWANTON, DIRECTOR, DIVISION OF SPORT FISH, DEPARTMENT OF FISH AND GAME, clarified that the Birch Lake weir is not a manned weir but rather an electrically operated drum weir for the purposes of cleaning and maintaining the water level at Birch Lake.

Co-Chair Chenault surmised that the Department would be purchasing that Mental Health Trust land. Mr. Swanton replied yes.

[5:14:58 PM](#)

Mr. Hoover proceeded:

AP #45215	
Whittier Harbor Transient Moorage	
Boating Infrastructure Grant (BIG) Tier II	
Federal Receipts 1002	\$1,500,000

[5:15:11 PM](#)

Mr. Hoover continued:

AP #30432	
Sport Fish Recreational Boating Access	
Federal Receipts 1002	\$2,325,000
Fish/Game 1024	\$ 775,000

He explained that the request was an on going, annual request of mixed federal receipts and matched with funds from the Department of Fish and Game. The funds would be used to assist and upgrade boating and sport fish access statewide. The bidding for those dollars would be a competitive process.

Co-Chair Chenault asked if there was a list available of the recipients. Mr. Hoover offered to provide it.

[5:16:12 PM](#)

Mr. Hoover concluded:

AP #45482  
Statewide Facility Deferred Maintenance  
Bonding Projects  
AK Cap Inc 1197 \$1,900,000

He pointed out that the request was originally submitted for funding by the Alaska Student Loan Corporation bonding receipts. The amendment changed the funding source. There are four pieces of it, which are usually one-time projects:

- Tok compound replacement
- Bunk house replacement
- Statewide roofing and siding replacement projects
- Field camp housing replacements

Mr. Hoover mentioned the requests included in the Department's language section:

AP #42983  
Language Sport Fisheries Hatchery Construction  
Investment Earnings  
AK Capital Inc. \$6,000,000

He stated that the funds would allow sport fish to utilize the investment earnings the Alaska Sport Fish Construction account for hatcheries.

Mr. Hoover listed the final project:

AP AMD#45688  
Installation of Capstone Avionics for Wildlife  
Conservation Aircraft  
General Fund 1004 \$125,000

The project would be a one-time funding and the Federal Aviation Administration (FAA) would provide the necessary equipment. The dollars would be used to equip those planes for better safety reasons.

HB 311 was HELD in Committee for further consideration.  
#

ADJOURNMENT

The meeting was adjourned at 5:20 P.M.