

SENATE FINANCE COMMITTEE
February 25, 2008
9:06 a.m.

CALL TO ORDER

Co-Chair Stedman called the Senate Finance Committee meeting to order at [9:06:20 AM](#).

MEMBERS PRESENT

Senator Lyman Hoffman, Co-Chair
Senator Bert Stedman, Co-Chair
Senator Kim Elton
Senator Donny Olson
Senator Joe Thomas

MEMBERS ABSENT

Senator Charlie Huggins, Vice-Chair
Senator Fred Dyson

ALSO PRESENT

John Glass, Deputy Commissioner, Department of Public Safety; Jerry Burnett, Director, Division of Administrative Services, Department of Revenue; Frank Richards, Deputy Commissioner of Highways & Public Facilities, Department of Transportation and Public Facilities; Jeff Ottesen, Director, Division of Program Development, Department of Transportation and Public Facilities; Nancy Slagle, Director, Division of Administrative Services, Department of Transportation and Public Facilities; James King, Director, Division of Parks and Outdoor Recreation, Department of Natural Resources

PRESENT VIA TELECONFERENCE

Matt Tanaka, Engineer, Construction and Operations, Department of Transportation and Public Facilities; Orin Dym, Forensic Lab Manager, Department of Public Safety; Governor Bill Sheffield, Director, Port of Anchorage; John Duffy, Borough Manager, MatSu Borough; Former Governor Bill Sheffield, Director, Port of Anchorage

SUMMARY

SB 223 "An Act providing for and relating to the issuance of general obligation bonds for the purpose of paying the cost of a scientific crime detection laboratory; and providing for an effective date."

SB 223 was heard and HELD in Committee for further consideration.

SB 224 "An Act providing for and relating to the issuance of general obligation bonds for the purpose of paying the cost of state transportation projects; and providing for an effective date."

SB 224 was heard and HELD in Committee for further consideration.

SB 236 "An Act establishing the Alaska transportation fund and relating to the fund; and providing for an effective date."

SB 236 was scheduled but not heard.

[9:07:51 AM](#)

SENATE BILL NO. 223

"An Act providing for and relating to the issuance of general obligation bonds for the purpose of paying the cost of a scientific crime detection laboratory; and providing for an effective date."

JOHN GLASS, DEPUTY COMMISSIONER, DEPARTMENT OF PUBLIC SAFETY, related that the bill seeks funding through general obligation bonds for a state crime lab. In 2004-5 the legislature appropriated \$4.8 million for the review design and construction of a scientific crime lab. Based on that legislation, the Department of Transportation and Public Facilities (DOT) contracted with Livingston Sloan and Associates, an architecture firm in Anchorage, who subcontracted to a firm from Virginia, McClaren, Wilson, & Lowrie, who put together a proposal for a crime lab into the future. The plan came back as an 83,000 square foot building to house current and future needs.

Mr. Glass reported that the 14,000 square foot current crime lab was built in 1986 to house 14 people. It now houses 41 people. With the onset of DNA testing in 1994, the work load increased exponentially. The crime lab is only able to process 350 of 1,000 DNA samples each month, due to a lack of space.

Mr. Glass noted that 34 properties in Anchorage were evaluated resulting in 15 acres of land just west of the current crime lab being selected.

[9:11:28 AM](#)

Senator Elton said he was convinced of the need for the facility. He requested more information about how the square footage and the price tag for the lab were decided. Mr. Glass explained that McClaren, Wilson, & Lowrie made

those determinations. It would take 57,000 square feet to meet today's needs; however, the plan is to build for the future and for expected expansion. Senator Elton asked who McClaren, Wilson, & Lowrie are. Mr. Glass reported that they are an architectural firm specializing in the design of crime labs. The forensic lab supervisor, Orin Dym, has participated with Mr. Lowrie in two crime laboratories built in Arizona. The staff at the crime lab has also contributed to the design plan.

Co-Chair Stedman asked for more information about the \$1,000 per square foot cost.

[9:14:38 AM](#)

MATT TANAKA, ENGINEER, CONSTRUCTION AND OPERATIONS, DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES, replied that the \$1,000 figure is the project cost and excludes site development and lab equipment costs. The cost per square foot from \$1,000 - \$1,300 for laboratories is because they are full of equipment and very dense.

Co-Chair Stedman asked if there were any overlap of services from the Fairbanks Virology Lab. Mr. Glass explained that anything that could be done in the virology lab is already being done in the crime lab. The science criteria are different in a virology lab.

Co-Chair Stedman asked about the possibility of a phased construction plan with the current facility. Mr. Glass pointed out the increased costs of \$6 to \$10 million a year for delaying construction with a phased plan. The current construction is a 3.5 year plan. He explained how a piece of evidence moves between labs within the building. Moving evidence from one building to another brings up cross contamination and custody issues.

[9:17:45 AM](#)

Co-Chair Hoffman asked about the Division of Elections fiscal note #1. He wondered if the only public information for about the project would be contained in the election pamphlet at the cost of \$1,500. He asked if there were any other efforts to convince the general public that the facility is needed. Mr. Glass replied that there would be additional presentations to the public. Co-Chair Hoffman asked if those expenditures were within the Department of Public Safety budget. Mr. Glass said yes. Co-Chair Hoffman asked which communities would have presentations. Mr. Glass offered to go to as many places as he could because he strongly believes in the need for a new crime lab. Co-Chair Hoffman thought there needed to be a broad base of support for the project.

[9:20:12 AM](#)

Co-Chair Hoffman asked about operational costs to maintain the facility. Mr. Glass reported that he only has a rough estimate of those costs based on the two current state labs; \$1.3 million per year. Co-Chair Hoffman asked if there would be a need for more than the current number of positions. Mr. Glass noted that currently there were 41 positions, with the possible addition of only one more maintenance position.

Co-Chair Stedman wondered why there was a need for more square footage, but not for more employees. Mr. Glass explained that 41 employees are working in a 14,000 square foot building. They will move into a facility with 83,000 square feet. He described the currently crowded conditions. He referred to a bill from last year which allocated five new DNA analysts. Down the road more disciplines will be added. Toxicology is currently being outsourced to Washington.

Co-Chair Stedman concluded it was a six-time increase in square footage. He wondered how to sell that concept to the public. He asked about the need for such a large expansion and requested more information about what would happen to the old crime lab building. Mr. Glass reported that the existing facility would be converted to office space, preferably for the department. The current building does not handle the large amount of heat generated well. He described how cramped the current space is. The garage for processing vehicles is very crowded and requires moving items out of the way in order to examine a vehicle.

[9:26:16 AM](#)

Senator Olson wondered about locating the crime lab in a less expensive area of the state, such as Kenai. Mr. Glass reported that other areas had been considered; however, Anchorage is the center of transportation. Mr. Glass shared that 72 percent of the crime lab business is from Anchorage, and involves custody issues. The department is working through the Heritage Land Bank to purchase 15.3 acres of land on a 40-year lease at no cost to the state.

Senator Olson asked what portion of the evidence is time sensitive and needs to be close to the airport. Mr. Glass said it is more a matter of convenience. He gave an example of bringing evidence from Nome and the potential difficulty of transporting it to places other than Anchorage. Senator Olson thought it would be cheaper to fly to Kenai than to drive there.

[9:29:41 AM](#)

Co-Chair Hoffman asked about page 2, section 3 of the bill regarding the amount referred to in the fiscal note. It says there will be a laboratory project fund of \$100 million and up to \$6 million in anticipated investment earnings. He wondered if it is the intent that the \$100 million would be set up in an investment account once the bonds were sold and, before the construction commences, the department would earn \$6 million. He questioned if it is \$6 million above and beyond the \$100 million. Mr. Glass replied that the \$6 million would be in addition to the \$100 million. Co-Chair Hoffman said the fiscal note was not correct. Mr. Glass explained that the fiscal note is correct in that \$100 million is requested and \$6 million is interest. Co-Chair Hoffman clarified that the interest on \$100 million would be \$6 million in investment earnings. Mr. Glass said that is what is anticipated. Co-Chair Hoffman asked how long it would take to earn the \$6 million. The fiscal note states that there would be approval by November 2008 and the debt service would commence by 2010, which would allow approximately two years to construct the funds. He requested a time table as to how the money would be invested.

[9:32:37 AM](#)

Co-Chair Hoffman asked if \$100 million would include necessary equipment. Mr. Glass said it would.

Senator Thomas asked if the building is a re-creation of the other two previous designs with savings in mind. Mr. Tanaka related that it is the third project he has managed in Alaska. He explained that there are some commonalities between the labs, but crime labs are very specific in their needs and require custom design. He said reported on how the crime lab was designed with the expertise of Bill Lowrie.

Senator Thomas asked if a crime lab worked well in another state, would it be possible to eliminate some of the design work for an Alaskan model. He asked if the design cost is about 10 percent of the total project. Mr. Tanaka agreed that it was about 10 percent. He explained what the design work entails. He assured the committee of the design team's credentials.

Senator Thomas asked where DNA is handled now and how much it costs.

ORIN DYM, FORENSIC LAB MANAGER, DEPARTMENT OF PUBLIC SAFETY, explained that all DNA criminal casework is done in the crime lab. The database samples have been outsourced; however, with the HB 90, those will be moving in house. The staff is currently 41 people with the need for one more

custodial position. Over twenty years the staff would increase to 62 employees.

[9:38:46 AM](#)

Senator Olson asked about the \$4.8 million allocated for design money. Mr. Tanaka replied that money was part of project costs. The money requested in the current bill is for completion of the design and construction of the building.

Senator Elton asked how the cost per square foot compares to the DEC lab cost. He wondered if the people involved in the design of the crime lab are involved in the design of the DEC lab. He mentioned several problems with the DEC lab design. Mr. Tanaka said he was the project manager of the DEC lab and the virology lab. The same architect, Livingston Sloan was used for both of those labs as well as for the Public Health Lab Medical Examiners facility. He reported on the risks and problems in designing complex labs. He described a high rate of confidence in his team.

Senator Elton requested the cost per square foot of the DEC lab. Mr. Tanaka reported that the DEC lab cost about \$950 per square foot, the virology lab cost \$1,140 per square foot, and the crime lab will cost about \$1000 per square foot. The differences in cost are not that significant. The DEC and virology lab costs were based on market prices and based on real construction dollars. He further explained how the figures were determined for the crime lab.

[9:43:47 AM](#)

Co-Chair Stedman requested a written response to Senator Elton's question regarding financial comparisons of the projects, including beyond square footage costs and contingency numbers.

Senator Thomas asked if the project was out to bid and how contractors were selected. Mr. Tanaka replied that they are using a project delivery system called the construction management general contractor approach which involves competitive solicitation nationally. Contractors are brought on as an advisor during the design phase. They are currently in the schematic design phase - about 25 percent complete. The contractors, architect, and engineers base costs on a partially completed design. The contractor is retained as a part of the team through completion.

Co-Chair Stedman asked what has been appropriated so far. Mr. Tanaka replied that a \$4.8 million appropriation was made for the planning phase with the intent to apply for a supplemental request. Co-Chair Stedman summarized that \$4.8 million was appropriated in 2006. He asked what the balance

was. Mr. Tanaka reported that there was about \$3 million left. Co-Chair Stedman thought the appropriation was charitable. Mr. Tanaka emphasized that it all would be needed. Co-Chair Stedman asked about the supplemental appropriation request. He corrected that it was just an appropriation. Mr. Tanaka said that was correct; it is an appropriation to finish the project.

[9:48:39 AM](#)

Co-Chair Hoffman asked about plans for the existing facility. Mr. Glass explained plans to move the department into the space for several purposes: a sexual offender registration office, Alcohol Beverage Control (ABC) Board, and an investigative unit. He explained the amount of foot traffic associated with the ABC Board. A university lab has also been considered. The building belongs to the Department of Public Safety. Co-Chair Hoffman asked if there would be costs for renovation for the use described. Mr. Glass said there would be, but he could not provide specific details about costs.

Co-Chair Hoffman asked about the possibility of a long-term lease rather than purchasing the land. Mr. Glass replied that the Bureau of Land Management has given the land to Anchorage and there are federal requirements.

[9:51:40 AM](#)

Co-Chair Stedman asked about the 40-year lease contingency plan. Mr. Glass said that there are several contingency plans. One is a 10-year reopener. Currently, there are no charges for laboratory services. Nationwide no agencies charge for state services. Mr. Glass maintained that he does not want the state to be stuck with charging for lab services. A 10-year reopener would address that. The 40-year lease is a long term lease with options after that, such as two 10-year options or two 20-year options. This is still being negotiated with the Department of Administration.

Senator Thomas asked how big the property is. Mr. Glass said 15.3 acres. Senator Thomas asked about any plans for intervention to prevent crime. Mr. Glass agreed that there needs to be more prevention. He pointed out that DNA testing also releases innocent people.

[9:55:28 AM](#)

JERRY BURNETT, DIRECTOR, DIVISION OF ADMINISTRATIVE SERVICES, DEPARTMENT OF REVENUE, in response to a question from Co-Chair Stedman, explained that the \$1,000 request is for paperwork and analysis.

SB 223 was heard and HELD in Committee for further consideration.

[9:56:53 AM](#)

SENATE BILL NO. 224

"An Act providing for and relating to the issuance of obligation bonds for the purpose of paying the cost of state transportation projects; and providing for an effective date."

FRANK RICHARDS, DEPUTY COMMISSIONER OF HIGHWAYS AND PUBLIC FACILITIES, DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES, referred to a handout entitled, "Alaska Department of Transportation & Public Facilities - GO Bond Projects" (copy on file.) He explained that the projects requested in SB 224 are spread throughout the state and address four of the department's goals: to increase safety, promote economic development, reduce congestion, and preserve existing assets.

Mr. Richards reported that the project on pages 2-4 "Dowling Road: Old Seward Highway to Minnesota Drive" is a congestion relief project. It upgrades Dowling Road from two lanes to four lanes from Old Seward Highway to Minnesota Drive. This project and the Highway to Highway Connection are the two largest projects in the Connect Anchorage Initiative, a 10-year congestion relief program funded by state, federal, and local funds. It is part of the municipality's long-range plan.

Mr. Richards explained that this project is located in the geographic center of the Anchorage bowl, which lacks east/west corridors. It would relieve congestion in the heart of the city. Mr. Richards explained the various phases of the project as depicted on the chart on page 3.

Mr. Richards related that this upgrade would divert 23,000 vehicles per day to Dowling Road. Tudor and Diamond have 3 of the top 12 accident locations within Anchorage and this project would greatly increase safety by reducing accidents.

[9:59:44 AM](#)

Mr. Richards turned to pages 5-7 to explain the "Northern Access to University - Medical District Study". It is an economic development project and would improve traffic conditions in the University - Medical District. Mr. Richards used the diagram on page 6 to depict the currently congested northern access to the University - Medical area. He pointed out that this area has more employees than downtown Anchorage, and he predicted that job growth would

outpace both state and city averages. It is hoped that this project would improve safety in this area.

Mr. Richards described the "Dalton Highway M & O Proposed FY 09 Project" on pages 8-9. It would improve 121 miles of the Dalton Highway, the lifeline to the oil fields in Prudhoe Bay, which is a challenge in the extreme Arctic. Improving this road would meet the needs of access to the oil fields and to future gas line fields.

[10:02:33 AM](#)

Mr. Richards explained that the "Kenai Peninsula Borough Roads" project on page 10 addresses safety needs, economic development, and quality of life within the Kenai Borough. Project funds would be used to improve drainage, resurface deteriorating pavement, and pave existing gravel roads. This project would supplement the Borough's project funding for its 5-year plan.

Mr. Richards turned to pages 11 and 12, "Snake River Bridge - Nome", which he termed a safety project. This road provides access to the city's power plant, port, and post office hub. All freight must cross the bridge. It is a safety issue for aircraft. The bridge would be relocated to the east. Mr. Richards described the damage the bridge has sustained.

Mr. Richards reported on the "Parks Highway Weight Restriction Elimination Program" on pages 13 and 13. There is a goal to reduce weight restrictions in the spring by making improvements to the road. The project would be focused on Milepost 72 - 90. He described the damage due to water during thawing. He explained the economic cost of weight restrictions.

[10:05:44 AM](#)

Mr. Richards described the project entitled "Windy Corner Seward Highway PM 105-107", on pages 15-18, as a safety project due to traffic congestion and to wildlife viewing. This area is a major attraction with Dahl Sheep near the highway. The project would move the highway and the railroad out into Turnagain Arm and create a safe sheep viewing area. He shared statistics about fatalities on the road. The legislature did appropriate \$2 million in 2006 to construct passing lanes; however, environmental restrictions require shifting the road out into Turnagain Arm.

[10:08:17 AM](#)

Mr. Richards explained the "Southeast Region Pavement Rehabilitation" on pages 19 - 23. It would resurface failing sections of three highways: Mitkof Highway, Craig to

Klawock Highway, and Glacier Highway. He described the reasons for paving the various highway sections.

Mr. Richards related that the "Steese Highway/Johansen Expressway Area Traffic Improvements" are shown on pages 24 - 26. The focus of the work would be on turn lanes, signing and signal improvements, and pedestrian access. He pointed to the causes of increased traffic in the area.

Co-Chair Hoffman asked if any of these projects are in the Statewide Transportation Improvement Program (STIP) federally funded project.

[10:11:27 AM](#)

JEFF OTTESEN, DIRECTOR, DIVISION OF PROGRAM DEVELOPMENT, DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES, reported that none of the projects are Statewide Transportation Improvement Programs. Co-Chair Hoffman asked if they would be eligible. Mr. Ottenson said they would be eligible. Co-Chair Hoffman commented about a project that could have been included in the bond package. Deputy Commissioner John McKinnon felt that the project should have been included due to safety concerns on the Wood River Bridge. Co-Chair Hoffman reported that he received documents saying that the project met the highest standard of public safety concerns. He noted that the needs of Southeast and Western Alaska districts, which compromise about 25 percent of the population, are very lean. He voiced concern that most of the dollars are going to repairs to existing road systems.

Mr. Richards responded that the projects listed on the GO Bond package were presented by the department to the Governor's office keeping in mind the Governor's desire to keep the projects, both the general fund capital projects and the bond projects, to a reasonable level. There were projects that did not make the cut.

Co-Chair Stedman requested a list of projects be submitted to the committee.

[10:15:07 AM](#)

Co-Chair Hoffman noted that many of the projects are to address Anchorage's transportation problems. He pointed out that Tudor Road has caused many problems, yet there are no specific projects aimed at resolving that situation. Mr. Richards reported that work was completed in 2006 on the Tudor Road Project and the Elmore Road was completed, which relieved congestion on Tudor Road. He spoke again of the Connect Anchorage Initiative and how the department is working to help relieve congestion. Co-Chair Hoffman said he did not see solutions to the Lake Otis and Tudor Road

congestion. Mr. Richards explained that new alternate routes would relieve congestion at that intersection.

[10:17:53 AM](#)

Senator Elton expressed frustration at the pavement rehabilitation on Glacier Highway. He stressed that safety needs are the first priority. He pointed out the hazards in the mile and a half section of that road: a major highway past three university entrances, a major federal facility located on a blind corner, four different speed changes, a major intersection, a major harbor, a private harbor, several businesses, a grade school, and a fire department. He wondered why there was no discussion of the dangerous elements on this section of road. He argued that new pavement will not address those issues. He requested more consideration for that stretch of road.

[10:20:58 AM](#)

Mr. Richards recalled the study regarding realigning that section of the road. He did not know where that study stands. He explained that the project described addresses the unsafe surface of the road. Co-Chair Stedman asked Mr. Richards to get back to the committee on accident studies on that section of highway. Mr. Richards agreed to that.

[10:23:05 AM](#)

Co-Chair Stedman requested information about the life cycle of pavement upgrades.

Mr. Richards talked about the life cycle of asphalt. There are preventative actions to be taken that can extend the life of pavement up to 30 years.

Co-Chair Stedman said the roads he drives do not appear to be lasting that long. Some are very rough and hard to drive. He requested more information on the subject. He also wondered why normal maintenance would need to be bonded. Mr. Richards thought that this was an opportunity to get in on the existing bond market where bonds can be purchased for a relatively low amount and keep the general fund capital budget in the \$300 million to \$400 million range.

Co-Chair Stedman questioned the size of the request for major upgrades. He mentioned other projects such as the Gravina Access Bridge and the replacement of ferries, which would have a longer life than any paving project.

[10:27:54 AM](#)

Co-Chair Stedman had concerns about the policy call regarding which projects were selected and why they were selected. He termed it too narrow of a scope and not taking the opportunity to drive the economy forward. He requested the analysis for how non-STIP items were flushed out and how they were processed to create the project list. The committee needs to have a better understanding of why the projects were selected. He also requested to know if there was any public involvement to the selection or if it was internally generated without public input.

Co-Chair Hoffman referred to Sections 4-5 in the bill, which were not mentioned in the presentations. One involves a grant to Anchorage of \$10 million for a port expansion, and the other is for \$9 million for a South Denali Access project. He wondered how the two projects fit with the department's goals and other criteria to develop the list.

[10:30:39 AM](#)

Co-Chair Stedman thought that presentation might be coming up.

Co-Chair Hoffman reiterated a request to receive information on how the projects fit the criteria used.

Mr. Richards responded that there were representatives who could speak about those two projects. Co-Chair Hoffman pointed out that the only local government project in the whole package is a grant to Anchorage. He questioned if other communities would benefit by a grant.

Mr. Richards pointed out that there was a project for Kenai Peninsula Borough roads.

Co-Chair Hoffman turned to page 2, line 12, and asked about the department's flexibility to reallocate between projects. He thought that provision was too permissive and gave the department too much leeway.

Co-Chair Stedman requested that the department rank the list of projects on page 2 of the bill.

NANCY SLAGLE, DIRECTOR, DIVISION OF ADMINISTRATIVE SERVICES, DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES, explained that the allocation language was put in the bill to give flexibility to move monies between capital construction projects, to do a "revised program". It requires the approval of the Governor's Office of Management and Budget, and justification has to be provided for any money being transferred. Legislative Finance is informed of the revised programs.

[10:34:03 AM](#)

Co-Chair Stedman suggested that the committee does not have a high comfort level with DOT's prioritization of the selected projects. Mr. Richards offered to get back to the committee with more information. The department did look at the specific projects using criteria, scored them, and then ranked them. Mr. Richards noted that they were not STIP projects, but he offered to evaluate them as such and then provide that information.

Co-Chair Stedman did not believe there was a lot of validity in the STIP process. He wished to have the legislature more involved with DOT in the evaluation process over the next several years as the state prepares for the large gas pipeline project. He maintained that the STIP process changes too often. He voiced concern that there was not enough input from the public. He suggested when updating the 30-year plan, to remember that the legislature is the appropriating body. He urged DOT to work with the legislature in order to facilitate projects that are funded.

[10:37:09 AM](#)

Co-Chair Hoffman mentioned a project he has been working on for 15 years that was originally included in the STIP program. The Wood River Bridge is ready for construction and is a public safety issue in the Dillingham region. Senator Stevens has spent vast amounts of money on other projects, but this Dillingham project has still not been brought forward. Co-Chair Hoffman reported that he received assurance from Mr. McKinnon that the project met all qualifications. He maintained that the project has been ignored by DOT for the last 15 years.

Senator Olson spoke of personal experience with having lived in Dillingham. He added that Dillingham has no access over its river and it is a safety issue. He spoke in favor of the project.

Senator Thomas inquired about the Windy Corner Seward Highway project. He asked if materials from the hillside of the road could not be removed due to sheep habitat. Mr. Richards reported that the environmental issue is that cutting thru the hillside affects the sheep feeding habitat.

Senator Thomas asked where the fill material will come from. Mr. Richards explained that the material for the railroad, the turnout, and the passing lane will come from commercial sources in Anchorage or Girdwood. Senator Thomas thought there might be usable material from the uphill side.

[10:41:41 AM](#)

Senator Elton expressed a need to understand how the projects were selected. He wished they had been run through

STIP criteria. He reported that his understanding of the process is that it was a lot less rigorous than the one used last year by the Senate on capital construction projects where members of the community were consulted about what was needed. He noted that Co-Chair Stedman had already requested information on how these projects were chosen. He summarized that the selection process lacked the rigorous review it should have had.

[10:43:55 AM](#)

JOHN DUFFY, BOROUGH MANAGER, MATSU BOROUGH, related that he was encouraged that the legislature and Governor are considering the funding of needed transportation improvements throughout Alaska. He expressed particular interest in the proposed Parks Highway weight restriction elimination portion of the legislation. He maintained it would be more prudent to invest money in the Parks Highway Church Road to Big Lake segment, which is currently rated as the second most dangerous road in Alaska.

Mr. Duffy expressed interest in and support for the access road to the proposed South Denali Visitors' Center, which is included in the bill. He related that an Institute of Social and Economic Research (ISER) study concluded that the Center would require additional construction and provide more jobs, resulting in a large economic impact to the borough.

[10:46:35 AM](#)

FORMER GOVERNOR BILL SHEFFIELD, DIRECTOR, PORT OF ANCHORAGE, explained that the project for expansion of the Port of Anchorage is a statewide project. He pointed out that 75 percent of all freight that comes to Alaska comes through this port. It is old and needs updating. There will be seven slips built. The project requires \$100 million over next 5 years to complete. The recommendation was for \$20 million in general funds and \$80 million in bonds. There is a need for \$20 million this year in general funds to keep the project going. Some federal and local funds contribute to the project.

Co-Chair Stedman recognized that the Governor vetoed the Port's \$10 million request last year.

[10:50:54 AM](#)

JAMES KING, DIRECTOR, DIVISION OF PARKS AND OUTDOOR RECREATION, DEPARTMENT OF NATURAL RESOURCES, informed that committee that the South Denali Visitor Center project has been talked about for 40 years. For the first time the majority of the people are now behind the project. The proposed project is to build a four-mile access road to

Curry Ridge for a new visitor center which would serve Alaskans and visitors to Alaska, providing an opportunity to share Denali. It will be a year-round visitor center with many proposed uses. It would provide an economic benefit to the area with jobs and support services. The funding would involve \$8.9 million from the bond package as well as federal government funds, National Park Service funds, and other sources, such as from Scenic Byways. The state needs to step up first with the \$8.9 million for building the road. It is a partnership involving the state, MatSu Borough, National Park Service, businesses, and the public.

Co-Chair Stedman pointed out that State Parks would testify in the future, in more depth, about this project.

SENATE BILL NO. 236

"An Act establishing the Alaska transportation fund and relating to the fund; and providing for an effective date."

SB 236 was scheduled but not heard.

ADJOURNMENT

The meeting was adjourned at 10:54 AM.