

**ALASKA STATE LEGISLATURE
JOINT MEETING
HOUSE TRANSPORTATION STANDING COMMITTEE
SENATE TRANSPORTATION STANDING COMMITTEE**

March 22, 2007

1:34 p.m.

MEMBERS PRESENT

HOUSE TRANSPORTATION

Representative Kyle Johansen, Chair
Representative Mark Neuman, Vice Chair
Representative Anna Fairclough
Representative Craig Johnson
Representative Vic Kohring
Representative Mike Doogan
Representative Woodie Salmon

SENATE TRANSPORTATION

Senator Albert Kookesh, Chair
Senator John Cowdery, Vice Chair
Senator Donny Olson
Senator Bill Wielechowski
Senator Gary Wilken

MEMBERS ABSENT

HOUSE TRANSPORTATION

All members present

SENATE TRANSPORTATION

All members present

COMMITTEE CALENDAR

Confirmation Hearing: Leo von Scheben for the Department of
Transportation and Public Facilities

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

Leo von Scheben, Commissioner designee
Department of Transportation and Public Facilities
Anchorage, AK

POSITION STATEMENT: Available for questions

ACTION NARRATIVE

CHAIR KYLE JOHANSEN called the joint meeting of the House and Senate Transportation Standing Committees to order at [1:34:44 PM](#). Present at the call to order were Representatives Neuman, Fairclough, Johnson, Kohring, Salmon, Doogan, and Chair Johansen, and Senators Cowdery, Olson, Wielechowski, Wilken, and Chair Kookesh.

CONFIRMATION HEARING: LEO VON SCHEBEN

[1:35:22 PM](#)

LEO VON SCHEBEN, Commissioner designee for the Department of Transportation and Public Facilities (DOTPF), related his school and work history, including his history as founder of the USKH architectural and engineering firm in Anchorage, and explained how his private sector experience will be helpful with the challenges facing the DOTPF at this moment. He said that Governor Palin nominated him based on his skills in communication, honesty, and budget and scheduling.

He then further explained his relationship with USKH, which provides architectural and land surveying services; he retired from the company in 2004. The company does a lot of work for the state of Alaska, the US government, and various municipalities in the private sector. He will recuse himself from any DOTPF matters involving USKH so as to avoid a conflict of interest with his past work experience. He considers himself a data-driven manager, and his business philosophy focuses on customer satisfaction, employee satisfaction, quality of product, and money management.

He explained that his vision for the DOTPF is to see efficient planning, designing, and construction of the projects that meet the needs of Alaska's economy and its people. He agrees with the mission statement of the DOTPF, which is to provide for the movement of people, goods, and state services.

[1:41:20 PM](#)

He said that he wants to involve the private sector model in the DOTPF, using consultants to fine-tune the state system, and working with the marine and aviation advisory boards. He also wants to work on building roads, highways, ports, and airports. Also, the infrastructure of the future gas pipeline needs to be examined, and architects, engineers, and surveyors AES need to be hired to make up for staff retiring and leaving the DOTPF.

He said that in the interest of communications, a series of DOTPF meetings should be held throughout the state. He's particularly excited about the Alaska Railroad, and he looks forward to a fresh look at the Marine Highway System; the aging infrastructure needs to be examined, and he is currently preparing a plan to present to the governor. Also, many public facilities across the state are aging and need to be replaced.

He also plans on looking for ways to move away from federal funding dependency, and will be working with the governor on this.

1:45:53 PM

SENATOR WIELECHOWSKI asked if there will be any need to reassess any major DOTPF projects, like the Knik Arm Bridge, Gravina Bridge, or the Juneau access road, due to a future lack of federal funds.

MR. VON SHEBEN said that the Gravina Bridge cost is very high, and he doesn't see available funding coming any time soon. The Knik Bridge has a private/public partnership in place that may ultimately be able to provide financing. The Juneau road project is tied to the Marine Highway System, so at this time there won't be re-prioritization for that project.

SENATOR WIELECHOWSKI commented that the administration issued a contract for a gravel road for the Gravina project in December, and asked if that project will be completed.

MR. VON SCHEBEN replied that the money for the road is earmarked so it will be funded no matter what. The road job is supported by the people of Ketchikan and opens up new areas of land for development.

SENATOR WIELECHOWSKI said that there's a geotechnical study out that shows a significant underestimate of the cost of the Juneau road project, and asked for Mr. von Scheben's comments.

MR. VON SCHEBEN said that he's unfamiliar with that study but he'll look into it.

CHAIR JOHANSEN asked that if Mr. von Scheben is comfortable with the fiscal estimate for the project.

MR. VON SCHEBEN said that he is comfortable with the estimate, but he doesn't know where the funds will come from.

[1:49:52 PM](#)

SENATOR WILKEN thanked Mr. von Scheben for his willingness to serve the state, and asked about the lack of design engineers in the public sector.

MR. VON SCHEBEN said that the matter is a war for talent, and that engineers just aren't as available as before; new talent from outside of state is needed. The DOTPF could become something of a training ground for future engineers who might leave the department, and hopefully some will end up staying.

SENATOR WILKEN commented that some people are afraid of privatization influence in the DOTPF and others welcome it, and he asked for Mr. von Scheben's comments.

MR. VON SCHEBEN restated his work philosophy, and said that he wants to see good money management and efficiency, which may involve help from the private sector.

SENATOR WILKEN commented that there's a lot of rural airport projects coming up this year, and he asked for thoughts on how these should be funded and where the state is in the process of remodeling the Anchorage airport.

MR. VON SCHEBEN said that the remodel and the expansion of the A and B concourses of the Ted Stevens International Airport is going well, and the contractor has been working with the owner to see how to best proceed; hopefully there won't be a whole lot of surprises in the project. As for rural airports, they are vital to people involved in general aviation; they're expensive, but they're very important for the people who need them.

[1:56:30 PM](#)

SENATOR WILKEN said that there will be lots of fisherman headed to Chitna soon, and asked for the state of the O'Brian Creek bridge.

MR. VON SCHEBEN replied that the rebuilding project for the bridge, lost to a flood, has run into difficulties with the local Native corporation. Ideally a bridge and a boat ramp will both be built.

SENATOR WILKEN commented that he'd be willing to help with the negotiation process.

MR. VON SCHEBEN replied that the DOTPF would appreciate help in working with the Native corporation.

[1:58:24 PM](#)

REPRESENTATIVE NEUMAN commented that he hoped Mr. von Scheben would work with the members of the legislature to form a plan for the future of the DOTPF. He said that there are no waste-sites along some road in Northern Alaska, and said that he's been working with soil and water conservation districts regarding highway cleanup. He then asked how a program for in-house training for engineers in the DOTPF could be done.

MR. VON SCHEBEN replied that the key to this is talking some retirement-age DOTPF staff into staying on to train and mentor new younger staff.

[2:01:06 PM](#)

REPRESENTATIVE NEUMAN asked if Mr. von Scheben would consider an organized in-house training program for the DOT.

MR. VON SCHEBEN replied that he would, because young engineers, architects, and surveyors need to learn from experience.

[2:01:53 PM](#)

SENATOR OLSON asked for comment on the person hired to manage the Alaska Marine Highway System (AMHS).

MR. VON SCHEBEN said that Mr. Dennis Hardy, Deputy Commissioner for the AMHS, is a professional engineer working for the Army Corps of Engineers, who's coming to work as a technical rather than marine expert. He has extensive experience dealing with the public, and no preconceived notions about the DOTPF system.

2:04:07 PM

REPRESENTATIVE FAIRCLOUGH asked for comment on Mr. von Scheben's management skills and how he'll be communicating with his staff in so many different locations.

MR. VON SCHEBEN replied that he has experience working with a corporation of 3,500 employees, and he has already visited with many people who he knows from the private sector. He plans to communicate every month with various staff around the state, and he thinks that the right style is to lead by example, and face-to-face communication is best.

REPRESENTATIVE FAIRCLOUGH asked for comment on recruitment and retention of staff.

MR. VON SCHEBEN said that recruitment will be difficult, but exciting work will be the biggest factor in attracting new staff. Good salaries and benefits are important, but interesting and stimulating jobs are the most important element. When the pipeline starts up it will be a strain on all sectors.

REPRESENTATIVE FAIRCLOUGH said that some legislators represent large parts of the state population, and asked how Mr. von Scheben sees his role in working with lots of different bodies.

MR. VON SCHEBEN replied that it may be difficult to sort out everyone who he needs to work with, and that communication is important. Safety and benefit to the state are his priorities, and he's confident that his great staff and teamwork will make for effective work.

REPRESENTATIVE FAIRCLOUGH said that she appreciated his answers.

2:11:10 PM

CHAIR JOHANSEN asked for comment on shipping yards and dry docking in his district.

MR. VON SCHEBEN explained how he sits on various boards that deal with these issues, and the subject in question is one of the biggest issues. He then listed the various steps that need to be taken to finish up with the shipyard project, including a memorandum of agreement will tie up the relationship between the Alaska Industrial Development & Export Authority (AIDEA) board and the DOTPF.

[2:13:54 PM](#)

CHAIR KOOKESH asked if the lack of a marine background will hinder Mr. von Scheben's efforts in that sector.

MR. VON SCHEBEN replied that he's going to try to understand the system by going out in the field, and taking into account people's different needs; one doesn't necessarily need to be a marine expert to understand the economical aspect of the AMHS. He has a southeast Alaska transportation plan that will help kick off efforts on the system.

CHAIR KOOKESH said that riding the ferry doesn't make anyone an expert, and he hopes Mr. von Scheben will make more effort than that.

He then asked what kind of relationship Mr. von Scheben plans on having with the Marine Advisory Board.

MR. VON SCHEBEN said that he hopes to rely on elements of the private sector like the board.

SENATOR WIELECHOWSKI said that he hopes that Mr. von Scheben will consider the effects of working with the private sector because there have been such projects that have ended up being extremely costly to the state.

MR. VON SCHEBEN replied that he won't be making bold moves without much planning and a good understanding of any projects in question. He then related an example of improper private sector work.

CHAIR KOOKSEH asked what Mr. von Scheben intends to change about scheduling for the Marine Highway System.

[2:19:27 PM](#)

MR. VON SCHEBEN replied that he hasn't thought much about scheduling yet but that he will get back to the committee.

CHAIR JOHANSEN asked for comment on a situation in Juneau where money was spent on a project that hadn't been approved yet.

MR. VON SCHEBEN replied that the issue is question was poor judgment, but that it was an honest attempt to save money on

materials. He promised that he would never repeat such a situation.

[2:21:17 PM](#)

REPRESENTATIVE SALMON said that the previous administration tried to cut down on maintenance funding for Northern highways, when it should have been increased. The current administration should not make the same mistake.

MR. VON SCHEBEN replied that he's not familiar with the cuts but he will inform himself on the issue.

REPRESENTATIVE SALMON commented that he hopes Mr. von Scheben will get back to him on the issue.

REPRESENTATIVE JOHANSEN said that he hopes to see ships built by the DOTPF in the coming years.

[2:23:41 PM](#)

REPRESENTATIVE FAIRCLOUGH made a motion to move Mr. von Scheben's nomination forward for recommendation with unanimous consent. There being no objection, the motion carried.

CHAIR KOOKESH announced that the committee would be forwarding the recommendation to a joint session for consideration.

SENATOR OLSON made a motion to move Mr. von Scheben's nomination forward for recommendation with unanimous consent. There being no objection, the motion carried.

There being no further business to come before the committee, Chair Johansen adjourned the meeting at [2:24:43 PM](#).