

HOUSE FINANCE COMMITTEE  
February 22, 2010  
1:38 p.m.

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CALL TO ORDER

Co-Chair Stoltze called the House Finance Committee meeting to order at 1:38 p.m.

MEMBERS PRESENT

Representative Mike Hawker, Co-Chair  
Representative Bill Stoltze, Co-Chair  
Representative Bill Thomas Jr., Vice-Chair  
Representative Allan Austerman  
Representative Mike Doogan  
Representative Anna Fairclough  
Representative Neal Foster  
Representative Les Gara  
Representative Mike Kelly  
Representative Woodie Salmon

MEMBERS ABSENT

Representative Reggie Joule

ALSO PRESENT

James Armstrong, Staff, Co-Chair Stoltze; Karen Rehfeld, Director, Office of Management and Budget, Office of the Governor; Leslie Houston, Director, Division of Administrative Services, Department of Corrections; Dan Spencer, Director, Division of Administrative Services, Department of Public Safety; Frank Richards, Deputy Commissioner, Highways & Public Facilities, Department of Transportation and Public Facilities; Laura Baker, Director, Division of Administrative Services, Department of Transportation

PRESENT VIA TELECONFERENCE

Susan Colligan, Director, Division of Administrative Services, Military and Veterans Affairs; Chris Christensen, Deputy Administrative Director, Alaska Court System

SUMMARY

HB 325                    APPROP: DEFERRED MAINTENANCE/REPLACEMENT

HB 326                    SUPPLEMENTAL/CAPITAL/OTHER APPROPRIATIONS

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#hb325

#hb326

HOUSE BILL NO. 325

"An Act making capital appropriations for deferred maintenance projects, equipment replacement, and emergency repairs; and providing for an effective date."

HOUSE BILL NO. 326

"An Act making supplemental appropriations, capital appropriations, and other appropriations; amending appropriations; repealing appropriations; making appropriations to capitalize funds; and providing for an effective date."

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JAMES ARMSTRONG, STAFF, CO-CHAIR STOLTZE, explained the handouts for the committee (FY2010 Supplemental Requests, HB 326, pages 1-24; Governor's FY2010 Capital Deferred Maintenance Supplemental Budget HB 325/SB 253 Amendments; FY 2010 Supplemental Deferred Maintenance Funding HB 325/SB 253, pages 1-38, copies on file).

KAREN REHFELD, DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET, OFFICE OF THE GOVERNOR, addressed several committee concerns about deferred projects. She defined deferred maintenance as those items for renovation or repair for existing facilities, not new construction. She added that to the extent possible the funds should be contracted out. The governor's goal would be to repair and renovate existing assets and to get the funding on the street to provide jobs in the small and mid-range construction companies. She continued that the proposed projects to be funded were incorporated in the backup materials of the amended budget and the 38 page spreadsheet that lists the proposed projects within each department. She explained that those departments that have not had the opportunity to testify would be first.

Ms. Rehfeld began with the first handout and noted that the Department of Fish and Game and the Department of Natural Resources made specific amendments in the deferred maintenance package. The Department of Fish and Game had original requests that included the replacement and construction of housing, but these items have been backed out and the money reallocated into very specific items. Ms. Rehfeld reported that the new allocations included upgrades and/or repairs to the Kodiak Warehouse/Compound, the Fairbanks Regional Office, and the Yakutat Compound. She

added there were also new allocations for upgrades to the statewide boiler and heating systems and repairs and upgrades to statewide access parking, drainage, and statewide bunkhouses.

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Vice-Chair Thomas inquired who was liable for the maintenance on the hatcheries that the Department of Fish and Game turned over to the regional nonprofits. Ms. Rehfeld responded that she would research and provide the information to Vice-Chair Thomas.

Representative Gara asked if these were the only changes to deferred maintenance. Ms. Rehfeld agreed that these were the only changes in the actual bill, but some of the backup had been updated.

Representative Gara reiterated his earlier concern that too much was being spent on housing, the sausage making machine, and other items. He noted that the governor removed those items, but added new projects equaling the same amount of money. He wondered why these new projects should be considered by the committee. Ms. Rehfeld responded that the amendments were designed to clarify that the funding available would be used for repair and renovation of existing facilities, not for new construction or equipment replacement. It was not the intention of the governor to reduce the \$100 million maintenance request.

Representative Gara commented that the charge was to remove those items that were not priorities, not add new projects.

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Co-Chair Stoltze asked Ms. Rehfeld if these requests were in line with the governor's \$100 million spending for the next five years. Ms. Rehfeld explained that the governor's overall goal was to put forward a list of projects to catch up with the deferred maintenance on existing facilities.

Ms. Rehfeld reported that the Mt. McKinley Meat Plant equipment replacement from the Department of Natural Resources was removed and the money reallocated to deferred maintenance needs.

Ms. Rehfeld cited the five remaining department deferred maintenance requests. She presented the order starting with the Department of Corrections, followed by the Department of Military & Veterans Affairs, the Department of Public Safety, the Court System, and the Department of Transportation & Public Facilities. She referred to the 38 page spreadsheet handout (FY 2010 Supplemental Deferred

Maintenance Funding SB 253/HB 325, pages 1-38, copy on file).

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Representative Austerman referred to the earlier Department of Natural Resources. He asked for clarification where the deleted \$190,000 allocation shows up again. Ms. Rehfeld proposed to add the \$190,000 to the plant material center's deferred maintenance.

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LESLIE HOUSTON, DIRECTOR, DIVISION OF ADMINISTRATIVE SERVICES, DEPARTMENT OF CORRECTIONS, referred to the department's requests listed on page 5, lines 1-11. She explained each of the eleven requested items totaling \$6.5 million.

Ms. Houston listed the first three items located at the Anvil Mountain Correctional Center in Nome. The projects include replacing the security control station, constructing a new utilidor and replacing the failing septic tank at the waste water treatment plant. The Palmer Correctional Center project, line 4, consists of replacing the fire pump and fixing the sprinkler piping.

Co-Chair Stoltze interjected that line 4, Palmer location, should read Election District 12 instead of 13.

Ms. Houston indicated that in Kenai, line 5, it was necessary to replace the roofing system at Building #55 at the Wildwood Correctional Center. She continued that the Spring Creek Correctional Facility in Seward, line 6, would analyze the security control system and perimeter security. The Ketchikan Correctional facility, line 7 and 8, is for analysis, design, and construction of the perimeter lighting. At the Palmer Correctional Center, line 9, the project is to replace obsolete fire alarm panels in the medical, administration, warehouse and maintenance shop buildings.

Co-Chair Stoltze mentioned that at a town meeting there was discussion regarding the inadequacy of the facility. He asked if there had been any discussion regarding the medical portion of the facility.

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Ms. Houston replied that there is a maintenance upgrade need, but it is not in the top eleven priorities this year.

Representative Gara inquired what would happen if the design and installation of outside lighting, on line 7 and 8 was

not funded. He also asked if there had been competitive bids on the project. Ms. Huston replied that the existing system is not energy efficient. She indicated she would have to research the information concerning competitive bids.

Representative Gara addressed lines 7 and 8, again and noted that one of reasons to utilize energy efficient lighting is that the savings tends to pay back quickly. He inquired if there had been an analysis to see if this project would pay for itself quickly. Ms. Huston responded that the energy efficiency will be addressed in the initial analysis and design; the results will not be known until it has been tried. Representative Gara asked if \$50,000 has to be spent before it can be determined if the project is worth it. Ms. Huston responded yes.

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Representative Fairclough asked if a safe method was being used to dispose of the old lightening systems. Ms. Huston replied that she would research methods used in other areas. Ms. Rehfeld interjected that the Department of Transportation could give better answer.

Ms. Huston continued on line 10, the Hiland Mountain Correctional Center in Eagle River, with the request to replace and expand the exterior freezer.

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Representative Fairclough asked if the Eagle River fence replacement was on the list. Ms. Huston replied that the fence was on the list, but it could not be acted upon because of unresolved land transfers. Representative Fairclough asked if there was any funding for a new fence. Ms. Huston replied no.

Representative Austerman remarked that he was still having a problem separating capital and deferred maintenance projects. He believed the separation needs to be cleared up in the future.

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Ms. Rehfeld responded that the system upgrade replacements are important in 24 hour operations for life safety issues. Representative Austerman argued that he believed it would be just as important as a capital request.

Representative Kelly thought it was important to know how determinations are made.

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Representative Gara understood the need for deferred maintenance, but he wanted to know what was actually needed and what constitutes a wish list. He requested, in writing, more information on lines 7 and 8. He maintained that he had never heard of spending \$50,000 to see if a lighting upgrade saves money. Ms. Huston indicated she would follow up on his inquiry.

Ms. Houston reported the final item on the list, line 11, at the Wildwood Correctional Facility in Kenai was to replace the fire alarm system.

Ms. Rehfeld referred to the Department of Correction's two capital supplemental request items in HB 326. (FY 2010 Supplemental Requests, page 10-11, lines 58-59, copy on file).

Mr. Huston continued with the capital request of a renewal and replacement of the Hiland Mountain Correction Center fire alarm system. The housing units I, II, and III have all experienced complete or partial failure of the system requiring immediate replacement, per the state fire marshal's office. The failure to replace the system would require the relocation of 380 incarcerated women.

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Co-Chair Hawker questioned the priority decisions. He noted that HB 325 was supposed to be the fast track capital budget with immediate deferred maintenance money for the most pressing projects. He asked why the freezer never rose to the top of the priority list in a previous capital budget. He added that the department was using the slower track capital budget for an item that seemed critical to the Hiland Mountain Correctional Center. He questioned why this did not make the faster track budget. Ms. Huston replied that it was put in the capital requests because the work is ongoing and the capital request replaces the money already spent.

Co-Chair Hawker recapped the value of truth in budgeting. He stated it would have been better to state that the money has been spent from another source and now needs to be replaced.

Ms. Rehfeld contended that there are a number of projects that departments needed to move on quickly that had not been expected. Co-Chair Hawker reiterated that it should have been disclosed in the public document.

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Representative Gara questioned if the supplemental deferred maintenance bill, HB 325, was for projects the governor believed there was a need to be out on the street a month earlier than the rest. Ms. Rehfeld responded that the

governor did not propose the deferred maintenance bill as an emergency bill. He wanted to get the approval of the legislature so that the projects could get started and the contractors could be employed this construction season instead of waiting for a July 1 appropriation.

Representative Gara reiterated that HB 325 was for projects that needed approval first for contracting issues. Ms. Rehfeld noted that the governor's interest was to accelerate the funding so that it would not have to wait until July 1 effective date in the FY 2011 capital bill. The earlier the funding is approved, the earlier the funding would be available to state agencies to bid those contracts and put people to work.

Representative Gara remarked that many of the projects do not seem like emergency projects. Ms. Rehfeld restated that these projects are not emergencies only deferred from the past. These projects will make a difference in the long term function of the facility. The governor wanted approval of the funding in this current year to start this summer.

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Ms. Huston continued on Page 11, line 59, with the renewal and replacement of the Fairbanks Correctional Center heating system. This is a new project request.

Co-Chair Stoltze voiced his concern about the early deferred maintenance and asked if earlier effective dates would accomplish the governor's goals. Ms. Rehfeld agreed it would meet the goals.

Co-Chair Stoltze reminded that the end of session, April 18, is not that far away so there could be a May 1 effective date.

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Representative Doogan voiced his concern over the supplemental deferred maintenance bill, a supplemental capital budget and the regular capital budget in the future. He contended he was having a hard time telling the two supplemental documents apart. He added it was not clear to him how the projects should be rated because it looks like two capital budgets. He asked if there is a way to tell them apart.

Ms. Rehfeld responded that there are two bills because the governor had initially proposed the deferred maintenance \$100 million five-year plan for FY 2011. His goal of a separate bill was so that it could be acted upon early to get the funding available before this construction season.

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Representative Doogan appreciated her comments, but the situation of concern was that it was hard to tell what the most important projects were to begin with. He voiced concern that all the projects seemed to be capital projects. He pointed out the list seemed undifferentiated and there needed to be a better way of determining what is important.

Ms. Rehfeld continued to the Department of Military and Veterans Affairs on page 13 of the spreadsheet. She noted three allocations for \$892,000 for Army Guard Facilities, \$2.1 million for Armory Facilities deferred maintenance, and \$1 million for the Alaska Military Youth Academy.

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SUSAN COLLIGAN, DIRECTOR, DIVISION OF ADMINISTRATIVE SERVICES, MILITARY AND VETERANS AFFAIRS (via teleconference), reviewed the three groupings. The Army Guard Facilities projects were in Fairbanks, Kotzebue, Wasilla, Nome, Ft. Richardson and Juneau. Most of the projects include repair and replacement of items such as boilers, doors, roofing, flooring and siding. The second group, the armories, has federal funding involved with them and they are requesting the \$2,108,000 of general funds with a federal match of \$6.3 million. These repair and maintenance projects are located in Jewel Lake, Sitka, Kenai, and Ft. Richardson. The final group is \$1 million for the Alaska Military Youth Academy to replace insulation and windows, repair restrooms, and replace interior fire rated doors.

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DAN SPENCER, DIRECTOR, DIVISION OF ADMINISTRATIVE SERVICES, DEPARTMENT OF PUBLIC SAFETY, referred to the Department of Public Safety requests, page 17, lines 1-5. He indicated the deferred maintenance projects at the hangers in Anchorage, Bethel, and Kodiak. There are also repairs and work in Fairbanks and Ketchikan. The Anchorage projects consist of replacing the existing parking apron, leveling the floor for safer movement of aircraft, and replacing windows. He referred to needs in Fairbanks to replace the air fan and electrical systems, add insulation above the ceiling and improve environmental controls. He continued that the Kodiak hanger has existing exterior metal rusting that needs to be replaced and the Ketchikan post needs added insulation. Mr. Spencer interjected that it is expensive to design projects and have experts evaluate the department's facilities. He added that he cannot go to bid without an appropriation and the prospect of moving forward with the work is limited without the reasonable expectation of receiving the money. There is some liability involved if they go through the bid

process than not receive the funds. Mr. Spencer emphasized that priority projects can change quickly as emergencies happen and what may be deferred today can become a priority tomorrow. He emphasized the five listed projects reflected work that can be put out to bid immediately to start the work.

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CHRIS CHRISTENSEN, DEPUTY ADMINISTRATIVE DIRECTOR, ALASKA COURT SYSTEM (via teleconference), referred to the original list of nine projects in need of maintenance funds (Deferred Maintenance Projects List, Court, copy on file). He defined deferred maintenance as ordinary maintenance that has been deferred due to lack of funding or attention beyond the expected useful life of a building system or building component. He noted that in the FY2011 Capital Budget lists non-deferred maintenance items are for things approaching the end of their expected useful life, but have not yet exceeded it. He indicated that the Ketchikan Court and Office Building need to replace a failing manual control system and the heating/cooling system. It also needs replacement of deteriorating finishes, damaged ceiling and dim light fixtures. Mr. Christensen continued with the deferred maintenance needs of the Anchorage Boney Courthouse.

Representative Doogan noted that the \$5 million request for deferred maintenance was for buildings not owned by the courts. Mr. Christensen responded that the original request was for \$14,932,000 for buildings not owned by the courts, but all that has been inserted is \$2.5 million.

Representative Doogan inquired if the Ketchikan Court Building received the money requested, would the courts run the project or would it be given to someone else to run. Mr. Christensen replied that those projects done exclusively in court space would be done by the courts. The rest of the building would be a cooperative agreement with the other tenants.

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Co-Chair Hawker asked if the occupancy leases specified who was responsible for repair and maintenance. Mr. Christensen replied that the courts occupy 44 buildings and own six. Most of the buildings are private lease buildings and the leases specify who is responsible for maintenance. None of the deferred maintenance money in the master list actually goes to anything other than state owned buildings. Co-Chair Hawker questioned if the \$14.9 million was on the master list. He queried if this does not contradict the answer to Representative Doogan. Mr. Christensen clarified that none

of the money is being put into buildings not owned by the state of Alaska.

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FRANK RICHARDS, DEPUTY COMMISSIONER, HIGHWAYS & PUBLIC FACILITIES, DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES, identified page 18 as the start of the department's deferred maintenance needs. He stated that the allocation to the Department of Transportation is \$25 million divided into 193 projects. Sub allocations were made for the various deferred maintenance needs within the department for aviation facilities, harbors, highways and the marine highway. Mr. Richards continued that when looking at the infrastructure the projects were grouped into brush cutting, gravel repair and replacement, signals and signs, safety related items, and drainage issues. The aviation identified needs were life safety issues, gravel surface repairs, fencing and gates, drainage improvements, asphalt repairs, electrical repairs, and vegetation management. The primary needs in the marine highway system, were for fire protection and prevention, emergency response, and SOLAS in the older vessels. SOLAS is listed on page 21 and refers to Safety of Life At Sea, an international safety code that must be complied with because the vessels transit international waters.

Co-Chair Stoltze inquired if there was a reason that the allocations were broken down the way they were. Commissioner Richards responded that the department wanted to break down the maintenance needs by individual vessels.

Mr. Richards continued that on the marine highway, the work efforts are contracted out. He reported that on the aviation side, there is a combination of contracted efforts and state forces.

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Mr. Richards moved to the facilities deferred maintenance on the 700+ buildings that are the responsibility of the Department of Transportation. He noted on page 27 the prioritized 12 projects. The work will primarily be on elevator upgrades, roofs, heating systems repair and replacement, power generation at remote facilities, and hoist replacement. He remarked that the harbor maintenance work on page 28 consisted on the inner float at Port Alexander.

Mr. Richards explained that the largest need within the department was on the highways. He noted that the major areas, starting on page 28, were vegetation management; gravel surfacing, asphalt surface, guard rail repair, traffic signals and signs, bridge maintenance, and high

tower repairs. The focus of the department's efforts will be a combination of contracting efforts and in-house state forces, although approximately 80 percent will be contracted out. He added that in the rural system, the benefit of an earlier appropriation is procuring materials and get the contracts underway to achieve a summer of 2010 work product.

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Co-Chair Stoltze asked for the latest spring date that an appropriation would be effective for early contracting. Mr. Richards replied March or April. Co-Chair Stoltze asked for a follow up on a more specific date. Mr. Richards reported that the earlier the better particularly in rural areas

Representative Salmon described the Taylor Highway near 40 Mile as one of the worst highways in the world. Mr. Richards asked if he was referring to the highway just outside of Chicken. Representative Salmon replied the area close to 40-mile. Mr. Richards referred to page 29, priority number 1 that lists gravel surface stabilization on the Steese, Denali, and Taylor Highways. Representative Salmon asked when the area would be repaired. Mr. Richards responded that it has been a challenge to maintain these areas in the past, but he was not sure on the specific work planned for the area, but would research and provide an answer.

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Representative Fairclough asked why on page 32, line 3, under traffic signs and signals the costs have increased sevenfold. Mr. Richards responded there has been a significant increase in aluminum sheeting and reflective materials placed on the signs. One of the challenges in the northern climates is the deterioration of sign sheeting with the ultraviolet light. Representative Fairclough mentioned that the price of steel has been cut in half and asked if aluminum was not falling into this same trend. Mr. Richards responded that he did not have that information. Representative Fairclough asked if the department knew what California was using. Mr. Richards responded that California is also going to the new sheeting.

Representative Austerman noticed that about 80 percent of the marine highway projects seemed to refer to the Taku. Mr. Richards responded that all the ships go into dry dock for annual refurbishment, but the Taku has significant issues with the SOLAS.

Representative Austerman asked why the cracks in roads were only attended to every four years. Mr. Richards responded there are two crews, one in the peninsula district and the Matsu district. The crack sealing effort has been deferred to federal highway funds. Representative Austerman suggested

a revaluation of the funding source on how to make the roads last longer. Mr. Richards noted that the deferred maintenance list refers to extensive needs for highway repairs. Representative Austerman asked where the Kodiak state parking lot falls in the deferred maintenance list. Mr. Richards responded that he would have to look through the lists in the regions to determine where it appears.

Representative Austerman interjected that he wanted to know. Mr. Richards answered that if there was specific capital budget designation for Kodiak airport parking, then it would go to them.

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Ms. Rehfeld moved to supplemental requests in HB 326 for the Department of Transportation, page 11, line 61 (FY2010 Supplemental Requests, page 1-24, copy on file).

Mr. Richards referred to the FY2010 supplemental request on line 61 for the Alaska Marine Highway System Vessel and Terminal overhaul and rehabilitation. This is necessary to keep the vessels in compliance with Coast Guard regulations. Co-Chair Stoltze asked if any of these was in the SOLIS category. Mr. Richards replied it was for a variety of things including the SOLIS.

Vice-Chair Thomas asked if this would be the place to make an amendment regarding the road ramp at the Tenekee terminal. Mr. Richards suggested handling this through the regular capital budget.

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Representative Doogan asked why \$4 million more was being requested to work on vessels. Mr. Richards responded that the level of funding appropriated last year was \$4 million shy of what is needed to keep the vessels operating.

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Mr. Richards mentioned that on page 11, line 62 for the airport improvement program the department is seeking \$5.2 million of federal funds and \$15 million in other funds. Line 63 is for debt defeasance on international airports.

LAURA BAKER, DIRECTOR, DIVISION OF ADMINISTRATIVE SERVICES, DEPARTMENT OF TRANSPORTATION, explained that the debt defeasance is based on a recommendation from the aviation bond council. They have an excess of receipts that can be applied to some of their capital bonding balance that would reduce debt in the future.

Representative Fairclough noted that there has been a request for funding the volcano observatory and questioned the amount of money in the international airport revenue. Ms. Baker responded she would need to get the balance to the committee, but noted that funding the volcano observatory would be in non compliance to federal regulations.

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Representative Fairclough asked for the landing fees at international airports compared to other landing fees across the country. Ms. Baker stated the department would need to follow up. Representative Fairclough asked if Ms. Baker could guess if it was lower or higher. Ms. Baker stated she could not. Mr. Richard answered that landing fees are lower than other airports in the United State. Representative Fairclough asked if it would be fair to say the fees were some of the lowest in the nation. Mr. Richards responded that he was not sure.

Mr. Richards continued with line 64, the request for legislative authority to receive and expend federal aviation funds for Gustavus Airport for runway safety and line 65 for the King Cove fencing project. Mr. Richards moved to line 66 for the Kodiak Chemical Storage building, line 67 for the Nulato Airport improvements and line 68 for the Unalaska Chemical Storage building.

Representative Fairclough asked if these were tied in with other project improvements for local airports from last session's American Recovery and Reinvestment Act (ARRA) funding. Mr. Richards replied that the projects appropriated for the ARRA funding were specific. Originally the plan was to use airport improvement funds for those projects, but since they were ready to go out to contract for bidding, authority was received from the legislature to use ARRA funds instead. Representative Fairclough asked if this was for some of the same the airports receiving additional funding. Mr. Richards recalled that ARRA funding went to Anchorage, Fairbanks, Quzinkie, Akuchak, Merrill Field, Kenai, but not Gustavus, King Cove or Unalaska.

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Representative Doogan questioned line 62 that increases the appropriation to \$20 million, but line 63 wants to defeat debt in the amount of \$15 million. He asked if these were linked in any way. Ms. Baker said the \$15 million could stand alone, but the proposals were grouped as they were all aviation related.

Representative Doogan asked why there was \$20 million more in appropriation. Ms. Baker responded that of the \$20 million, \$15 million is the debt defeasance request to pay

down the bonds for previous aviation work. Representative Doogan asked what happens to rest of money that is not part of the debt. Ms. Baker replied that the money is direct federal funding receipts coming in for aviation transportation from federal aviation.

Representative Doogan reiterated the question of what it will be used for. Ms. Baker answered it was for the previous projects that Mr. Richards listed. Mr. Richards repeated for the Gustavus Airport runway safety, King Cove airport fencing and Kodiak Chemical storage building.

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Representative Gara referred to line 63 and asked if they were raising or changing the rates and fees structure. Ms. Baker responded the department has held back some of the fees being charged due to the economic situation to make sure air carriers still come into the airports at Anchorage and Fairbanks. The expenditures could be used to not pay down the debt, but then there would be the need to increase the fees to carriers to pay down the debt.

Representative Gara noted that it seems like a major policy decision was being made. He needed further information on how this decision was made and if it is the right one. Ms. Baker needed to follow up later with more detailed information.

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Representative Fairclough understood that this is not general funds dollars, but an appropriation that the legislature has control of making. The airports are linked together with Fairbanks as a backup landing destination and so the group has gotten together although there is about \$15 million in the fund that could pay down their debt which would reduce the fees. The state does not set the landing fees, but the board that operates this particular fund which consists of the carriers and the state of Alaska. Mr. Richards responded that it is the signatory carriers that have signed onto the international operating agreement. It was agreed last fall that the carriers paying the rates and fees look to see the amount previously collected and then look for ways to reduce the future expenses, such as paying down the bond debt.

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Representative Doogan asked how the federal funds are linked to this appropriation. Ms. Baker responded that she is not aware that they are linked. Mr. Richards interjected that they are not linked. There is the airport improvement program funded by the FAA for lower airports. It is just

identified as a capital need under the appropriation level on a common line 62.

Representative Doogan asked if this is separate types of money, one from federal government and the other from air carriers, why are lumped together on a single line. Ms. Baker noted it was grouped together because it dealt with aviation issues. It could be separated out as it is not linked to the federal requests.

Representative Doogan noted that if they were linked the money could not be spent on airports such as Gustavus. Mr. Richards responded that revenues collected in Anchorage and Fairbanks must to be spent at those two airports.

Representative Doogan responded that he just wanted to be confident two kinds of money were not being mixed. Mr. Richard responded that the money was not being mixed.

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Co-Chair Stoltze asked how much money goes from Fairbanks to Anchorage on the airport international arrangement. Mr. Richards stated he would have to get back to the committee with those numbers.

Representative Salmon noted on page 13, line 68, it states that this is a new project request for FY2010. He asked where these new projects came from and why are many of them marked as emergencies. He wondered why the Taylor Highway cannot be listed under an emergency item.

Mr. Richards responded that specifically from line 65 through line 68 these are capital projects under development phases. These projects are ready to go out to contract and need legislative authority to move forward. Starting on line 69 through line 79, this is an area of emergency repairs for specific actions such as from floods, erosion, or ice damage that occurred during or after the start of the fiscal year. These needs were above and beyond the approved operating budget.

Representative Salmon asked again why the Taylor Highway is not considered an emergency. Mr. Richard responded that emergency repairs have not been done on the Taylor Highway that would require them to come back to the legislature to seek supplemental funds to cover any emergency repair work.

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Representative Fairclough asked for clarification on line 62 for \$5,257,000 and asked if inside this appropriation level it was at the discretion of the department to move those funds around. Mr. Richards responded that they would have

legislative authority if needed to move the funds to an area of greater need.

Representative Austerman asked for the total cost of the Kodiak Chemical Storage building. Mr. Richards replied \$1.3 million. Representative Austerman noticed that in the capital list from last year there was \$1.2 million for the same project. Mr. Richards reported that he would need to investigate if there was previous legislative authority that now totals \$2.5 million.

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Mr. Richards referenced on page 13, line 69, the \$7,356,000 represents the projects identified starting on line 70. These were activities that were undertaken because of circumstances after the fiscal year. In particular, line 70 on high tower repairs. On line 71, the Dyea Road washout repair was for erosion that occurred along the Taiya River that arose suddenly. Mr. Richards named other erosion projects on the Glenn Highway line 72 and line 73, as a Glenn Highway slide and dam failure.

Mr. Richards listed the emergency repairs needed from line 74 through 79 in Haines Highway, Kodiak, Petersville road, Salmon River road, Seward airport and Whittier access repairs. The Whittier Access Emergency should read 400,000 cubic yards of rock instead of the 40,000 written.

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Co-Chair Stoltze commended the crews working during emergency situations.

Mr. Richards referred back to line 46, for the legal costs relating to the Nikishka Beach Road Case. This was entered into with Offshore Systems Kenai for obstruction, control and closure of public access to and through the Nikishka Beach road.

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Mr. Richards moved to line 80, for the appropriation of \$3,021,100 for highways and facilities. On line 81 is the Coffman Cove Maintenance Station a project for a maintenance station to maintain that part of the road.

Representative Doogan asked for the original appropriation. Mr. Richard responded it was \$900,000. Representative Doogan asked if the department was 100 percent off. Mr. Richards responded that is correct. At the time it was believed the land would not have to be purchased, but the present necessary land purchase has presented an unexpected cost. The building cost construction was also off. Representative

Doogan responded that a lot of backup would be needed to prove the department was off by 100 percent.

Mr. Richards continued to line 82, the Ester Weigh Station scale replacement and line 83, for the Klawock Maintenance station door replacement. Line 84, measurement standards and commercial vehicle enforcement equipment replacement and, line 85, for the retroactive asphalt material price adjustment. Mr. Richards indicated that asphalt prices have skyrocketed and this contact did not have an asphalt price escalator. He indicated that line 86 was to purchase land in Skagway where the Skagway maintenance station is situated.

Representative Salmon asked what the land on line 86 is being used for. Mr. Richards responded it is where the maintenance station is located.

Mr. Richards noted on line 87 a long standing need for elevator installation for the second floor of the Southeast region headquarters. Co-Chair Stoltze asked where the Southeast regional headquarters was. Mr. Richards responded in Juneau at 7 mile Glacier Highway. Representative Kelly asked how many people work on second floor. Mr. Richards responded that the majority of the employees work on second floor.

[3:50:30 PM](#)

Mr. Richards noted that line 88 for state equipment fleet vehicle lifts in Haines was a safety related issue.

Representative Fairclough queried if there are challenges in disposing old lightening, especially in regard to mercury, as new bulb replacements are upgraded. Mr. Richards responded that he will get back to her.

Representative Gara noted that he had met with the department on the rumble strip issue in certain safety corridors. He noted that most head on collisions are caused by inattentiveness. He wanted to know what it would cost to put rumble strips in more high traffic areas than just the highway safety corridors. He noted several attempts, without success, to get an answer from the department. Mr. Richards responded that \$850,000 to install the shoulder rumble strips on the remaining 76.7 miles of highway eligible to receive rumble strips. There may be a need on other highways, but if there is no shoulder for the rumble strip, than it is not possible. He indicated that he would be able to present a map where these areas can be shown.

Representative Gara asked for information outside the areas that the Department of Transportation thought was important. Mr. Richards responded that the department wanted to investigate those areas and challenges.

[3:55:52 PM](#)

Representative Austerman expressed his curiosity regarding the purchase of for \$900,000 in Coffman Cove and the Skagway land purchase. He asked if the money just covered the land. Mr. Richards responded no. He was not sure of the actual acreage, but the land would be used for the maintenance center and other storage.

Mr. Richards moved to line 89, for the regulatory compliance appropriation level of \$1.7 million and line 90, for the Kenai Peninsula Watershed Improvements Clean Water Act Settlement. The department is seeking \$900,000 for a non-profit to purchase and place conservation easements over properties that will preserve water quality and salmon habitat. Co-Chair Stoltze asked the name of the non-profit. Mr. Richards remarked that he was not sure, but would get the information. He continued with line 91 and the re-vegetation of Anchor River and Deep Creek Highway Embankments along three sites on the Sterling Highway.

[3:59:23 PM](#)

Vice-Chair Thomas asked about the 19 mile slide area and wondered if the EPA was preventing anything from being if the river was doing naturally. Mr. Richards replied that when a natural occurrence of water and debris flows down drainage, it is considered a natural occurrence. When a man-made object is put there to stop it, then this is an unnatural occurrence that can be moved off site.

[4:00:53 PM](#)

Ms. Rehfeld concluded that this covered the remaining agencies that were not able to present at the last meeting.

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ADJOURNMENT

The meeting was adjourned at 4:01 PM