

SENATE FINANCE COMMITTEE  
March 16, 2010  
9:07 a.m.

[9:07:51 AM](#)

CALL TO ORDER

Co-Chair Stedman called the Senate Finance Committee meeting to order at 9:07 a.m.

MEMBERS PRESENT

Senator Lyman Hoffman, Co-Chair  
Senator Bert Stedman, Co-Chair  
Senator Charlie Huggins, Vice-Chair  
Senator Johnny Ellis  
Senator Dennis Egan  
Senator Donny Olson  
Senator Joe Thomas

MEMBERS ABSENT

None

ALSO PRESENT

Mark Hamilton, President, University of Alaska; Kit Duke, Chief Facilities Officer, University of Alaska; Michelle Rizk, Associate Vice President, Statewide Budget, University of Alaska; Brian Rogers, Chancellor, University of Alaska, Fairbanks; Frank Richards, Deputy Commissioner, Highways & Public Facilities, Department of Transportation and Public Facilities; Jim Beedle, Deputy Commissioner, Marine Highway System, Department of Transportation and Public Facilities; Laura Baker, Director, Administrative Services, Department of Transportation and Public Facilities

PRESENT VIA TELECONFERENCE

None

SUMMARY

SB 230 BUDGET: CAPITAL, SUPP. & OTHER APPROPS

SB 230 was heard and HELD in Committee for further consideration.

SB 253      APPROP: DEFERRED MAINTENANCE/REPLACEMENT

SB 253 was heard and HELD in Committee for further consideration.

UNIVERSITY OF ALASKA  
DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

#sb230  
#sb253  
SENATE BILL NO. 230

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

SENATE BILL NO. 253

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

[9:08:12 AM](#)

Co-Chair Stedman made opening comments. He referenced the budget books entitled, "Governor's Proposed Capital Budget" and "Project Review Listing - FY 2010 Deferred Maintenance Amended" (copy on file).

UNIVERSITY OF ALASKA

[9:12:22 AM](#)

MARK HAMILTON, PRESIDENT, UNIVERSITY OF ALASKA, introduced himself.

KIT DUKE, CHIEF FACILITIES OFFICER, UNIVERSITY OF ALASKA, introduced herself.

MICHELLE RIZK, ASSOCIATE VICE PRESIDENT, STATEWIDE BUDGET, UNIVERSITY OF ALASKA, introduced herself.

[9:14:07 AM](#)

DM AMD 45326

Maintaining Existing Facilities Renewal and Renovation  
Annual Requirement  
\$37,500,000 GF

Ms. Rizk informed the committee that maintaining the state's investment in facilities has been the Board of Regent's top priority for many years. The University of Alaska uses \$6.7 million square feet, nearly 400 buildings of various sizes and purposes, located throughout the state. The average age of the facilities is thirty-one years. The deferred maintenance bill includes \$37.5 million toward the annual requirement for maintaining existing facilities and reducing deferred maintenance for the university. The funding will be distributed to each major academic unit (MAU) based on a formula of facility age and size, times the weighted average age.

Ms. Rizk offered to provide information regarding the number, size, and age of facilities per campus.

Ms. Duke discussed the list of projects that would be funding by the \$37.5 million. She pointed out that 73 percent of the university's square footage is more than 25 years old. The \$37.5 million will cover replacement of heating and ventilating systems, fire alarm systems, flooring and wall finishes, and roofing projects. Many of the projects are bid ready now. All of them can go out to bid in 2010. Much of the funding should be spent in 2010 and through the winter of 2011. Also included in the requests is money designated for energy conservation projects, which will create some savings in the operating budget. The projects will address needs at all campuses statewide.

Co-Chair Hoffman requested a breakdown by campus. Ms. Duke agreed to do so.

Co-Chair Stedman asked for information on each deferred maintenance request.

[9:16:21 AM](#)

Ms. Duke began with the Anchorage science building renewal request. The building needs to be refurbished due to occupancy this past summer. There is also a request for campus roof replacement and upgrades for heating, ventilating, and air conditioning systems, and for fire alarm panels. There is a need for a water system connection at the Kenai River Campus and for a wellness center and student life renewal project for Prince William Sound. There is a boiler and exhaust fan replacement project at the MatSu Campus, and a Kodiak Campus renewal, which entails repair of mechanical and electrical systems.

Ms. Duke described deferred maintenance requests from Fairbanks: Skarland Hall dormitory critical restroom renovation, critical electrical distribution, critical power plant repairs, and critical repairs for the waste system. Also needed is Phase 4 revitalization for the Tenana Valley Community Campus.

Ms. Duke highlighted projects at the Kuskokwim Campus and energy conservation repairs for Kotzebue, Bethel, and Nome. At the Juneau Campus there is a need for improvements in the road entryway, as well as repairs to the Hendrickson Building, to the parking lot, to a roof, and replacement of fire alarms and the sewage lift station.

In Sitka, code corrections are being made to the main building. A roof in Ketchikan is being replaced, as well as an oil tank.

Ms. Duke listed statewide building projects - roofing replacements and refurbishing the canopy to the main Butrovich Building at UAF. At UAA, the Lake Building would get a fire alarm system and lighting upgrades.

[9:19:32 AM](#)

Co-Chair Stedman requested an update on the status of previously appropriated maintenance monies for the university. Ms. Duke indicated that last year the university received \$3.2 million in repair and renovation (R&R) funding. The previous year it received \$47.5 million. She offered to provide the balances for the past two years.

Co-Chair Stedman recalled the \$47 million allocation. He wondered what the rate of encumbrance was and if the money

had all been spent. He pointed out that last year the legislature did not add projects. Ms. Rizk offered to provide that information. She spoke of the challenges of R & R funding. The university has received an average of \$16 million of the \$50 million annual requirement needed over the last ten years. The funding has been sporadic.

[9:21:51 AM](#)

Ms. Duke added that a number of projects include advanced design work that the department expects to be funded in the next round of the governor's program. It is possible to have a consistent program and prepare for the next round of money so that spending takes place soon after the money is appropriated.

Senator Ellis asked about the UAA Science Building renewal for \$6.8 million. He pointed out that the Blue Book lists it at \$11 million. He wondered about the difference in amounts. Ms. Duke explained that under the \$37.5 million allocation, the apportioned share that would go to Anchorage is \$6.8 million. If additional funding were available, more of the total project could be funded.

Senator Ellis concluded that the project really costs \$11 million. Ms. Duke agreed. Senator Ellis continued to say that because of some sort of regional proportionality, the project is only allocated \$6.8 million. Other funding would have to be found from other sources in order to fully fund the project. Senator Ellis requested clarification. Ms. Duke explained that there is work that can be done for the \$6.8 million; however, it would be more efficient if the department were able to fund the whole project at one time. She pointed out that this item does not come under the regional funding formula, but rather it is based on age and square footage.

[9:23:48 AM](#)

Co-Chair Hoffman noted that out of the \$37.5 million, the Kuskokwim Campus received \$100,000. He wondered how much funding was allocated for phases three and four and what that money would accomplish. Ms. Duke offered to find out.

Co-Chair Stedman asked about the funding request for \$108.6 million, \$88 million in general funds and roughly \$20.6 million in non-general funds, for the Life Sciences

Building. He wondered how much the university would need to move forward under a phased approach. Ms. Rizk spoke of alternative options if the funding requested in FY 2011 was not all available at once.

[9:25:36 AM](#)

BRIAN ROGERS, CHANCELLOR, UNIVERSITY OF ALASKA, FAIRBANKS, explained the options as to how the Life Sciences facility might be phased. The project includes \$15 million to extend a utilidor to the west ridge to provide heat and power. It includes \$7 million for relocation of a greenhouse and construction of a replacement greenhouse for the agricultural program. Those two pieces are severable. Within the Life Sciences building, just the research wing or the instructional wing could be constructed. He offered to provide the financial picture for each scenario.

Co-Chair Stedman asked for clarification of the \$15 million. Chancellor Rogers explained that \$15 million would only build the utilidor; \$7 million would fund only the greenhouse. It would cost \$41.9 million to build the instructional wing, and \$52.2 million plus the university's non-general fund authority for the research wing. The latter two numbers include the utilidor and greenhouse. Co-Chair Stedman said he was struggling with the process of funding everything in the Life Sciences Building.

[9:27:44 AM](#)

Ms. Rizk asked if there were further questions.

Senator Olson asked about funding for the Kotzebue and Nome Campuses. Ms. Duke said the category is Community Campus (CC) Energy Conservation for \$768,700. Ms. Rizk added that it is listed as UAF CC. Senator Olson asked if the goal is to make it more energy efficient. Ms. Duke said it was intended to curb rising utility costs in rural areas.

Senator Thomas asked for the total dollar amount for backlogged maintenance projects. Ms. Duke reported that the dollar amount was about \$1 billion. She did not know the number of projects. Senator Thomas asked if the list was prioritized and if the intention was to spread the funding down the list as much as possible. Ms. Duke said that was true. Senator Thomas observed that with only \$37.5 million

allocated for deferred maintenance, it will take a while to fund \$1 billion-worth of projects. Ms. Duke agreed.

Co-Chair Hoffman asked how the project rankings are determined, and how the cutoffs and distributions at each campus are decided. He pointed out that his initial request was for \$3.1 million for UAA, \$1.8 million for UA CC, \$23 million for UAF, and \$.8 million for UAF CC.

[9:31:31 AM](#)

Ms. Duke explained the formula used to decide on funding. The square footage and the age of the square footage determine a formula for each campus. The projects are prioritized by the MAU as far down the list as the funding allows. The most urgent projects at each campus are given priority. She noted it was a typical way of addressing deferred maintenance funding.

Co-Chair Hoffman deduced that there was a scientific method used to calculate the numbers. President Hamilton clarified that the methodology for determining the funding is a nationally-used formula. He continued to detail how deferred maintenance items are funded. He emphasized that the request was for the amount needed every year for maintenance in order to prevent the need for deferred maintenance. The standard number to achieve that goal would be about \$50 million per year. He related that the allocation is set up to project funding out five years.

[9:34:58 AM](#)

Co-Chair Stedman pointed out that the university has substantially less square footage than the state. If the state tried to keep up on maintenance projects using the same formula, the number would be very large. President Hamilton noted that many of the state buildings are leased and the maintenance falls to the owner, rather than the state.

CAP RN 43172

UAF Life Sciences Classroom and Lab Facility

\$20,625,000 Univ Rcpt

\$87,975,000 COP's

Ms. Rizk highlighted the UAF Life Sciences Building request and emphasized the importance of the request. She listed

the reasons why the request is needed now. The new facility will replace cramped quarters and antiquated teaching space and integrate teaching and research in biological, wildlife, and biomedical services. The university will be able to attract top students, faculty, researchers, and research grants.

Ms. Rizk referred to Senator Hoffman's question about why it is important to build the Life Sciences Building now. She reported that great financing is available now and construction costs are lower. The university is ready to take advantage of federal priorities and make available research needed at the national level.

Ms. Rizk reported on a critical need for space. She spoke of the significant economic impacts from this project, such as \$170 million in direct and indirect economy output during construction and 370 construction workers employed, with an annual payroll of \$80 million.

She referred to a McDowell Group report which explains the economic impacts of the Life Sciences project and a brochure which details some of the specifics of the facility.

[9:39:07 AM](#)

Co-Chair Stedman asked what the next university project would be. Ms. Rizk referred to the 10-year capital plan and said there would be another request next year.

Co-Chair Hoffman referred to the university receipts list and asked how the amount of \$20.6 million relates to the total project cost. Ms. Rizk explained that the bond payment would be made through the additional indirect cost recovery (ICR) that UAF believes it can generate from the facility. Considering the approximately \$1.6 million annual debt payment, the amount was what UAF figured it could afford by including the ICR.

Senator Thomas asked if federal receipts totaled \$130 million for research grant money in 2007. He asked if that figure was used when trying to determine the economic impact of the Life Sciences Building.

Co-Chair Hoffman asked for information about anticipated operating costs and staffing needs. Ms. Rizk reported that

operating costs are expected to be \$2.6 million, of which about \$1 million would be for maintenance and operations, and \$1.6 million would be for maintenance and repair. There would be new positions including maintenance staff and 1.5 teaching assistance positions to cover lab sessions. Those positions would be covered by non-general funds.

Ms. Rizk explained that the faculty positions currently exist. She spoke of Life Sciences priorities in the FY 2011 budget, and detailed the positions expected. She said they were included in the operating budget request.

Co-Chair Hoffman asked how much of the \$2.6 million is in the current operating budget. Ms. Rizk explained that the \$2.6 million request is an additional, future-year request and would be included in four years.

[9:44:01 AM](#)

Co-Chair Hoffman asked what the plans for the existing facility were. Ms. Rizk replied that programs were still being evaluated to see which would be best suited for the vacated spaces. Renovation costs are included in the R & R list. Ms. Duke added that the space may be used by researchers and funded by research grants.

Senator Thomas asked for information about general obligation (GO) bonds versus certificates of participation (COP's). He thought the COP's would provide a lower rate when the Build America Bonds are factored in.

[9:46:06 AM](#)

Ms. Rizk addressed Senator Hoffman's question about who would inhabit the old building. She added that the faculty currently housed in ATCO modular buildings, as well as some new faculty, might move into the vacated space.

Senator Ellis stated that he was a supporter of the Life Sciences project and the engineering program expansion at UAF and UAA. He asked how the engineering buildings ranked in the regent's priority list. He wondered how the demand for more engineers would be met. He spoke in favor of expanding the engineering program. He requested more information about meeting the demands in that area.

President Hamilton predicted that engineering facility expansion would be the regents' number one priority next year. Senator Ellis agreed with that direction. Ms. Rizk added that the Board of Regents had decided that engineering was the next priority.

[9:48:41 AM](#)

CAP RN 49199

Feasibility Study for Community Campuses  
\$1,400,000 GF

Co-Chair Stedman asked about the feasibility study on community campuses. Ms. Duke explained that the money was intended to take a holistic look at the needs of the community campuses and facilitate a professional approach to development of those campuses.

Co-Chair Stedman asked if the requests were ranked by priority. Ms. Duke said the MAU's rank the projects. Ms. Rizk added that the University of Alaska's number one priority is deferred maintenance. The Life Sciences facility is the number one priority for new construction. The community campus feasibility study is the next priority.

Co-Chair Stedman summarized that deferred maintenance is first; the Life Science building is second. Ms. Rizk concurred. She said that the Board of Regents prefers to take care of existing facilities first - a number one priority for over a decade.

DEPARTMENT OF TRANSPORTATION

[9:51:01 AM](#)

DM RN 49567

Deferred Maintenance Projects  
\$25,000,000 GF

FRANK RICHARDS, DEPUTY COMMISSIONER, HIGHWAYS & PUBLIC FACILITIES, DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES, reported that the department received a \$25 million allocation in the deferred maintenance request from the governor. Within that allocation, 193 specific projects have been identified. There are sub-allocations for aviation, facilities, harbors, marine highway and highway

functions. He explained that the allocations were made based on deferred maintenance needs across the spectrum. He reported that the department calculated about \$750 million worth of deferred maintenance needs and made sub-allocations based on those needs. Within each mode, safety requirements, security, preservation, and regulatory categories were considered. Specific work types were also examined.

Mr. Richards listed the primary needs in aviation: life safety, gravel surface repairs, fencing and gates, drain improvements, asphalt repairs, electrical repairs and parts, and vegetation management. He detailed the needs under the marine highway category: safety and life at sea requirements, fire detection and prevention, emergency response, and international codes. Under facilities, the priorities are: electrical upgrades, elevator upgrades, roofing, heating, power generation, and hoist replacements. For highways, the bulk of the requests are for: vegetation management, gravel surfacing, asphalt repair, guardrail repair, traffic signals and signs, drainage, culverts, bridges, and high light tower repairs.

Mr. Richards reported that the governor was very interested in job creation, so the department has decided to provide contracts in order to accomplish the work in a timely manner. As soon as the department receives the appropriation, it can initiate the contracts and begin work this summer. The department anticipates using approximately 80 percent of the \$25 million allocation for contracts, and the remaining 20 percent allocated to state forces. Of that 20 percent, the majority will be used to purchase materials and to rent equipment.

[9:54:17 AM](#)

Mr. Richards spoke of the goal "to get these projects out on the street to address those deferred maintenance items across the modes in the very near term." He offered to discuss individual requests.

Co-Chair Stedman suggested looking at each page of the spreadsheet.

Co-Chair Hoffman asked about the location of Quartz Creek Airport - item 10. Mr. Richards said it was on the Kenai Peninsula along the Sterling Highway.

Senator Olson inquired about item 9 - Koyuk & Stebbins Brush Cutting. Mr. Richards could not provide information about the two airports. Senator Olson said the department could report back with the information.

[9:56:19 AM](#)

Co-Chair Stedman asked if there were any questions on page 2. Senator Olson referred to a recent accident at the Kodiak Airport. He wondered which airport the accident was at. Mr. Richards said it was at the main Kodiak airport. Senator Olson asked if anything on the deferred maintenance list contributed to the accident. Mr. Richards did not know of any airport features that contributed to the accident. Senator Olson wanted to rule out incomplete maintenance as an issue.

Co-Chair Stedman asked if there were any questions on pages 3 or 4.

[9:57:36 AM](#)

Senator Huggins asked an aviation-related question. He brought up the topic of the Iditarod Race and the challenges it brings to the Willow community and to the airport complex. He asked why the Willow airport is not included on the list. Mr. Richards explained that the needs at Willow are capital expenses, not deferred maintenance needs. Senator Huggins reiterated the challenge that exists.

[9:59:18 AM](#)

Senator Thomas asked if local hire is a primary focus for small maintenance projects such as brushing. Mr. Richards replied that in most rural airports there is a local contractor who deals with snow removal and who is also used for other types of small maintenance projects.

[10:00:32 AM](#)

Co-Chair Stedman asked for information about upgrades to the Taku, which are listed on several pages. Mr. Richards deferred to Mr. Beedle.

JIM BEEDLE, DEPUTY COMMISSIONER, MARINE HIGHWAY, DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES explained that the Taku request is one of three Safety of Life at Sea (SOLAS)

vessels, which means it is certified to go into international waters. If the upgrades are not done, it can no longer go into Prince Rupert on a year-round basis.

[10:01:47 AM](#)

Senator Olson asked for more information about the aviation building in item 1 on page 10. Co-Chair Stedman thought it was in Anchorage. Mr. Richards said that was correct. He said it is on Aviation Drive, the DOT regional headquarters. Senator Olson asked what the elevator was needed for. Mr. Richards explained that the request was for repairs on an existing elevator.

Mr. Richards referred to the highway deferred maintenance sub-allocation on page 11. He explained that the work products are broken down into various work activities. For example, the topics begin with vegetation management followed by gravel surfacing, asphalt surface repair, and guardrail repair. There were no further questions on pages 12 - 16.

[10:03:20 AM](#)

Co-Chair Stedman asked when the deferred maintenance work will be done. Mr. Richards hoped to complete as much work as possible this coming summer or by next summer. For rural projects dependant on a barge schedule, it is important to know the amount of the appropriation in order to order materials.

Senator Olson returned to number 10 on page 1, the Quartz Creed Airport, and asked what communities the airport serves. Mr. Richards reported that it was in District 34, the Kenai Peninsula. Co-Chair Stedman requested further information on the location.

[10:05:42 AM](#)

CAP RN 47583

Alaska Aviation Safety Program  
\$500,000 Fed Rcpts  
\$250,000 Gen Fund

LAURA BAKER, DIRECTOR, DIVISION OF ADMINISTRATIVE SERVICES, DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES, explained the request for the Alaska Aviation Safety Program. The funding is used to do research for safety

needs for private pilots and small commuters. The request will fund a staff person and the general fund will be matched by a federal grant. The program has recently purchased a simulator to allow pilots to test out terrain.

[10:08:22 AM](#)

Senator Egan asked if the original request was for \$500,000 and the total \$1 million. Ms. Baker explained that the historical funding is shown on the request page. Last year the program received \$400,000 in federal funds and \$400,000 in general funds. The department did go through a review process. At this time the department does not have a full financing plan for anticipated federal receipts. The match reflects the minimum allowable to keep the program running until more information is available.

Co-Chair Hoffman asked where the simulator is located. Ms. Baker thought one was in Anchorage and one was set to be purchased. Co-Chair Hoffman mentioned a program in Western Alaska that graduates pilots. He wondered if the simulator was being used for similar training. Ms. Baker was not aware that it was a training program, but rather an option for current pilots to use. Co-Chair Hoffman suggested the simulators might be better used for training, especially in rural areas.

[10:11:28 AM](#)

Senator Huggins asked who has the lead on the aviation mapping project. Ms. Baker was not sure. She thought DNR and the university were involved. Senator Huggins requested follow up on the question.

Senator Olson asked about the mapping method and the possibility that it competes with private organizations in Anchorage. Ms. Baker offered to find out. Senator Olson wondered if personnel would be hired with the funding for the Aviation Safety Program. Ms. Baker said of the \$750,000 request, a portion is providing for an employee that will be located in Aviation Operations in Anchorage. The rest of the work would be done through contracts. Senator Olson stated that one person would be hired. Ms. Baker clarified that the person has already been working on the project for several years.

[10:13:45 AM](#)

CAP RN 30624

Alaska Marine Highway System: Vessel and Terminal  
Overhaul and Rehabilitation  
\$8,000,000 Gen Fund

Ms. Baker referred to RN 30624 on page 3. She explained that certain requirements are needed in order to keep the vessels operational. They are scheduled during each vessel's annual maintenance.

CAP RN 32534

Capital Improvement Program Equipment Replacement  
\$1,500,000 CIP Rcpts

Ms. Baker discussed RN 32534 on page 6. She explained that these are equipment needs that are related to project costs. They have to be run through the department's indirect cost allocation because they cannot be funded by federal program dollars.

CAP RN 30648

MH Coordinated Transportation and Vehicles  
\$800,000 GF/MH  
\$250,000 MHTAAR

Ms. Baker explained that RN 30648 on page 7 is an annual request for transit funds for Mental Health Trust beneficiaries.

CAP RN 36453

Corps of Engineers-Harbor Program-Saint Paul  
\$700,000 GF Match

Ms. Baker reported that RN 36453 on page 9 represents the last portion of the match funds that are needed to complete this project.

CAP RN 48926

Highways and Facilities  
\$7,022,000 Gen Fund  
\$15,000,000 Hwy Capitl

Mr. Richards detailed RN 48926, page 10. He noted there were sub-allocations for \$22 million. The first sub-allocation is RN 6391 for Americans with Disabilities Act Compliance Projects. This funding will be used to address

needs within buildings for ramps, access restroom upgrades, and automatic doors.

[10:16:22 AM](#)

CAP RN 48797

Central Region Signal Malfunction Management Units  
\$22,000 Gen Fund

Mr. Richards explained RN 48797 on page 12. The request is for control units within the boxes at intersections outside the municipality of Anchorage, primarily in MatSu and Kenai.

CAP RN 49031

Highway Safety Corridors Near-Term Improvements  
\$5,000,000 Gen Fund

Mr. Richards detailed RN 49031, page 13. The highway safety corridors are portions of highways where there are major accidents and fatalities. The allocation will be used for near-term items such as information signs, improved intersections, and traffic signals in order to improve safety on those highways.

CAP RN 48754

Manley Hot Springs Shop/Snow Removal Equipment  
Building (SREB)  
\$900,000 Gen Fund

Mr. Richards turned to RN 48754 on page 14. The department is building a new airport in Manley Hot Springs using FAA funds. It will include a snow removal equipment building. There is also a highway maintenance station. General funds will be needed to add square footage to the airport building in order to allow the department to end a lease agreement for a substandard building.

[10:17:58 AM](#)

Co-Chair Hoffman asked for a list of snow removal equipment buildings planned for rural Alaska in the next three years. Mr. Richards agreed to do so.

CAP RN 48855

Northern Region Bike Path Equipment  
\$100,000 Gen Fund

Mr. Richards explained RN 48855 on page 15. The funding will pay for snow removal equipment - a bobcat, pickup plow, and sweeper - in order to comply with federal highway requirements.

Co-Chair Stedman mentioned a previous discussion about federal government requirements for snow removal on walkways. He requested more information how that issue is handled statewide. Mr. Richards responded that the Federal Highway Administration grants the state money to construct highways and ancillary facilities; however, they do not maintain the ancillary facilities. The legislature has provided money to address snow removal needs in Anchorage, Juneau, and Fairbanks. The priority list includes main highways, secondary highways, school bus routes, and finally, ancillary routes like sidewalks and bike paths. The equipment request will allow the department to address snow removal on ancillary routes.

Senator Huggins noted a challenge in MatSu is lack of pathways.

[10:21:05 AM](#)

CAP RN 48765  
Slana Maintenance Station Bunkhouse  
\$350,000 Gen Fund

Mr. Richards addressed RN 48765 on page 16. He informed the committee about the difficulty of hiring and retaining employees at the Slana Station. Building a bunkhouse and implementing a new schedule should help resolve that problem.

CAP RN 30628  
State Equipment Fleet Replacement  
\$15,000,000 Hwy Capitl

Mr. Richards addressed RN 30628 on page 17. This request is the authority to spend the highway working capital fund in order to replace old equipment.

CAP RN 41394  
Statewide Anti-icing Program  
\$150,000 Gen Fund

Mr. Richards noted RN 41394 on page 18 allows for continued funding for anti-icing equipment. An experimental salt brine is currently being used in Southeast Alaska and will be expanded to other areas.

Co-Chair Stedman requested additional information about chemicals used for the purpose of de-icing the roads. Mr. Richards responded that a magnesium chloride salt was previously used, but now sodium chloride with a corrosion inhibitor added, which is less costly, is used. The corrosion inhibitor safeguards the vehicles. The goal is to use an abundant, less costly product.

Co-Chair Stedman pointed out that people have a different impression.

Senator Egan asked about corrosive studies regarding de-icing chemicals. Mr. Richards responded that a study was done by the Pacific Northwest Snow Fighters Association, a group made up of state DOT's and salt manufacturer suppliers.

[10:25:17 AM](#)

CAP RN 48921  
Regulatory Compliance  
\$2,041,000 Gen Fund

Mr. Richards turned to RN 48921 on page 19, an appropriation with suballocations RN 48798 and 48852.

CAP RN 48798  
EPA MS 4 Requirements-Municipality of Anchorage Sand Storage Facilities  
\$1, 041,000 Gen Fund

Mr. Richards detailed RN 48798 on page 20. Under the current permit beginning on February 1, 2010, there is a requirement by EPA to provide covered sand storage facilities in Anchorage by February 1, 2014. This initial allocation will fund the design efforts for three buildings; one in Girdwood, one in Birchwood, and one in Anchorage.

Co-Chair Hoffman asked why the funds are multiplied by 14 in 2012, totaling \$14 million. Mr. Richards replied that based on conceptual designs, \$14 million would be needed to

construct the buildings. The initial allocation for \$1 million is to come up with a design package resulting in construction by 2014. Co-Chair Hoffman asked if additional operation dollars would be required. Mr. Richards anticipated on-going operational costs of \$185,000.

CAP RN 48852

Statewide: GIS Mapping of Storm Drainage Systems for  
EPA MS 4  
\$1,000,000 Gen Fund

Mr. Richards explained RN 48852 on page 21. The request is also for compliance with EPA permit MS 4. A target date is February 1, 2013. This is the state's portion of GIS mapping. The state will work with Anchorage on the project.

Senator Thomas understood that University of Alaska has a very extensive GIS program. He suggested contacting the university regarding their program. Mr. Richards offered to look into potential collaboration.

Co-Chair Stedman inquired if all projects fell under the Statewide Transportation Improvement Program (STIP). Mr. Richards reported that the projects are not in the STIP program, but rather are general fund requests.

[10:29:01 AM](#)

Senator Huggins asked about an area in Eagle River that is commonly flooded every year. He wondered if a solution would result from the mapping project.

Mr. Richards thought Senator Huggins was referring to a subdivision next to the Glenn Highway. He explained that the surface waters are impacting the homeowners. The department is working with the municipality to put in a new cross culvert. That work is slated to be completed this summer. Additional work within the subdivision is necessary to capture the water and direct it to the culvert.

CAP RN 48941

Roads to Resources  
\$15,000,000 Gen Fund

Mr. Richards explained RN 48941 on page 22, an appropriation with sub-allocations. The first project is RN 41390 - Dalton Highway Including Surfacing Materials. The

legislature has been supportive of work on the Dalton Highway over the last four years, providing almost \$29 million to address heavy maintenance for surface drainage and embankment efforts. This allocation allows that work to continue and addresses approximately 59 miles of road to repair permafrost degradation, raise the grade, and place delineators.

Co-Chair Stedman concluded that none of the projects were STIP projects and none would obligate or alter the forward STIP process. Mr. Richards responded that the projects are general fund projects and address maintenance needs. There are STIP projects for the Dalton Highway, but not in these areas at this time. There is no overlap of the projects.

Co-Chair Stedman noted a concern if the STIP projects are altered. He clarified that there is no obligation of funds for future projects.

[10:32:13 AM](#)

Senator Thomas noted that the Haul Road was lengthy and required much work. He pointed out that there appeared to be about \$9 million over a two-year period of time for road maintenance. He asked if there was any other maintenance money.

Mr. Richards responded that there was an annual maintenance budget for \$16 million to cover the responsibilities of the work crews along the 414 miles of highway. There is also \$14 million in the GO Bond allocated to the Dalton Highway.

Senator Thomas asked if Steese Highway intersections were funded by the GO Bond. Mr. Richards believed so.

Senator Egan mentioned new types of delineators which provided better visibility for drivers. He wondered if the department had considered using them. Mr. Richards said that there is a federal program project specifically designed to install those new delineators.

Co-Chair Stedman pointed out the difference in past and present definitions of Roads to Resources. In the past it was defined as opening up new roads to new areas; currently, it seems to be geared for maintenance use. He wondered if there had been a philosophical shift by the administration.

[10:35:48 AM](#)

Mr. Richards did not think there had been a philosophical shift. He observed that maintenance of the Dalton Highway is extremely important to the state because it leads to North Slope oil fields. The next project listed is intended to open up lands to provide better access to extracting natural resources within the state.

CAP RN 39356  
Roads to Resources Program  
\$1,000,000 Gen Fund

Co-Chair Hoffman stated that in the last four years, the legislature has appropriated \$42 million for Roads to Resources. This year the request is only for \$1 million. He said he was interested in four projects: Links on the Alaska Peninsula and Bristol Bay, Pebble Copper North of Lake Illiamna, and the Williamsport to Pile Bay Road. He wondered what product would result from the \$1 million appropriation. He also wondered about the drastic reduction of the request.

Mr. Richards addressed the dollar value for the program. He noted two additional projects in the program, the Western Alaska Access Planning Study and the road to the Gubik Gas Fields. The million dollar request will provide road access to mining and timber sites - the smaller projects. Previous years' funding has been used for the road to Umiak and for roads to access timber sales.

Co-Chair Hoffman asked about why Donlin Creek with \$32 billion of resources is not listed as a candidate for Roads to Resources. Mr. Richards spoke of conversations with the developers and about a federal earmark for the project. Mixed messages were received. The developers had the perspective of developing the road themselves so it would not be a public road.

[10:40:02 AM](#)

CAP RN 48781  
Roads to Resources: Western Access Project-Phase 1  
\$1,000,000 Gen Fund

Mr. Richards informed the committee that RN 48781 on page 26 is also known as the Road to Nome. It is a 500 mile road. Preliminary studies have been done. The funds would be used for an environmental assessment and preliminary engineering studies.

Co-Chair Stedman wondered if the project would ever be constructed. He preferred to see less design and more action. Mr. Richards explained the efforts needed prior to construction, such as environmental impact permits.

Co-Chair Stedman asked how much it would cost to finally construct the road. Mr. Richards said the entire project is 500 miles long and would cost approximately \$2.3 to \$2.7 billion. Co-Chair Stedman asked how many federal dollars would be used. Mr. Richards explained that general fund dollars would be used, rather than federal funds, in order to lessen costs and time.

[10:44:07 AM](#)

Co-Chair Stedman pointed out a trend to use general funds on new road projects. When looking at smaller projects such as a road in Kake, general funds are not forthcoming; instead money is allocated for design. He wondered how to get away from design planning and actually build something. Mr. Richards spoke of the requirements when designing and building roads due to state and federal statutes. Roads to Resources' goal is to open lands in order to provide jobs. Various impacts have to be taken into consideration.

Co-Chair Stedman looked at the history of road construction over the last 30 years. He expressed frustration over the time delays. He used an example of \$5 billion for one project versus smaller dollar amounts for smaller projects. He expressed frustration regarding the inability to get small roads in Southeast Alaska built. He termed it "political theater."

[10:50:00 AM](#)

Senator Olson inquired how many requests would involve community input in Native land areas. Mr. Richards stated that there is public process in the following projects: Western Access and Foothills West. Senator Olson concluded that none of the money would be used for future hearings in

the communities. Mr. Richards clarified that there would be community involvement.

Senator Olson agreed with Co-Chair Stedman's frustration about the delayed-time factor and excessive bureaucracy in road projects.

[10:52:31 AM](#)

Senator Thomas was not sure that the road to Nome, as defined, would connect the road to accessible mineral projects. He suggested an alternative.

Mr. Richards agreed with Senator Thomas's comments about the access road.

#  
ADJOURNMENT

The meeting was adjourned at 10:53 AM.