

SENATE FINANCE COMMITTEE
March 16, 2010
3:01 p.m.

[3:01:47 PM](#)

CALL TO ORDER

Co-Chair Stedman called the Senate Finance Committee meeting to order at 3:01 p.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

Frank Richards, Deputy Commissioner, Highways & Public Facilities, Department of Transportation and Public Facilities; Laura Baker, Director, Division of Administrative Services, Transportation; Jim Beedle, Deputy Commissioner, Alaska Marine Highway, Department of Transportation and Public Facilities; Leta Simons, Director of Administrative Services, Department of Natural Resources;

PRESENT VIA TELECONFERENCE

James King, State Parks Director, Department of Natural Resources;

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.

**Department of Transportation and Public Facilities;
Department of Natural Resources; Department of
Environmental Conservation**

#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."

[3:02:00 PM](#)

Co-Chair Stedman discussed housekeeping.

DEPARTMENT OF TRANSPORTATION

CAP RN 48782

Roads to Resources: Foothills West
\$8,000,000.

FRANK RICHARDS, DEPUTY COMMISSIONER, HIGHWAYS & PUBLIC FACILITIES, DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES, testified that the proposed road would provide access to the community of Umat and the Gubik Gas Fields.

He stated that the \$8 million would fund additional development for the National Environmental Policy Act, and environmental documents and permits necessary to construct an all-season road between the Dalton Highway and the state airport at Umiat. The efforts would not obligate the state to build the road, but would reduce the lead time required before construction could commence. State land within the Central North Slope of the Brooks Range, contain 17 areas rich in natural gas. The United States Geological Survey estimation was that there were 31 trillion cubic feet of natural gas in the vicinity. The National Petroleum Reserve-Alaska, located next to Umiat, contains a potential additional 51 trillion cubic feet of gas. Specifically at Umiat, the Division of Oil and Gas had refined resource estimates totaling 590 million barrels of oil and 7 trillion cubic feet of gas within the road influence area. Currently explorers in the area are building ice roads, which through tax credits are costing the state \$25 million per year. The project contributes to the department's mission by improving the mobility of people and goods.

[3:05:28 PM](#)

Senator Olson asked if a right of way for the natural gas pipeline, and not solely a road, had been included in the environmental impact statement. Commissioner Richards replied that a transportation corridor was being examined that included the road and utilities, including pipelines, to extend from the Dalton Highway to Umiat.

[3:05:57 PM](#)

Senator Thomas inquired about the expected cost and timeline to build the road. Commissioner Richards replied the current estimate was \$3 million per mile. Thusly, 75 miles to Gubik would cost \$225 million. He stated that the development efforts put forth by the department were similar to the efforts that Exxon was investing in Point Thomson. He suggested a 2 to 3 year timeline to complete the environmental impact statement.

Senator Huggins asked where crossing sites were located on the department's priority list. Commissioner Richards replied that identifying crossing sites had been recognized as a need, but had not yet been worked into the program.

[3:08:43 PM](#)

Senator Huggins recalled a 2008 meeting of Anchorage communities where an inventory of gasline support projects had been identified. He questioned the status of the inventory and whether it was currently being used by the department. Commissioner Richards replied that the list was still being referred to and that the department intended to use federal highway dollars to fund the projects.

[3:09:56 PM](#)

Commissioner Richards continued to the statewide federal programs section of the request.

CAP RN 34752
Commercial Vehicle Enforcement Program
\$1,600,000

LAURA BAKER, DIRECTOR, DIVISION OF ADMINISTRATIVE SERVICES, DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES informed the committee that the federal funding would provide financial assistance to the program for the prevention of accidents during hazardous material transportation.

Co-Chair Stedman asked if the safety inspections would be limited to commercial vehicles. Ms. Baker understood that the implication was for commercial vehicles. Commissioner Richards added that the department had worked within the existing regulations. He shared that there had been an issue concerning intra-state and inter-state commerce, and that a mechanism to allow the two uses to be legal under current state statutes was being discussed.

[3:11:31 PM](#)

CAP RN 31375
Cooperative Reimbursable Projects
\$13,500,000

Ms. Baker explained that the request was made up of \$12 million in statutory designated receipts, and \$1.5 million in federal receipts. The receipts were for services that were provided to other state and non-state agencies. If a program required special drilling requirements, or other work that the Department Of Transportation and Public Works

(DOT) had expertise for, a reimbursable service agreement would be entered in order to carry out the work.

[3:12:44 PM](#)

Co-Chair Hoffman asked for a description of the Rural Dust Control Demonstration Project. Commissioner Richards replied that he did not have the cost amount of the projects offhand. He shared that the department had been working with the Denali Commission and other regional non-profit organizations on the project. He agreed to provide the committee with individual project specifics.

CAP RN 31376
Federal Contingency Projects
\$15,000,000

Ms. Baker explained that the allocation would allow for discretionary funding for highways, airports, or projects that arose late in the year that need federal authority to complete the work within a given season. The federal agency funds lapse September 30, 2010, and state books close on August 30, 2010. The formula funds would allow the state to complete the work that had already begun.

CAP RN 38424
Federal Emergency Projects
\$10,000,000

Ms. Baker shared that the funds were for projects that had been declared "emergency projects" under the Federal Highway Administration Program, and that needed repair or reconstruction due to damage from natural disasters.

[3:15:35 PM](#)

CAP RN 30643
Federal Transit Administration Grants
\$9,000,000

Commissioner Richards explained that due to the program the state would receive funds, which through a departmental granting process could seek solicitation by means of transit agencies in order to provide capital grants for vehicles, project administration, training, and small operating expenditures.

[3:16:16 PM](#)

CAP RN 6896
Federal-Aid Aviation State Match
\$8,600,000

Ms. Baker explained that the request was for a federal aid match for aviation improvements. She said that state match to the federal formula dollars were put in a separate appropriation to avoid individual pockets of general funds.

[3:16:59 PM](#)

Senator Thomas asked about CAP RN 38424. He wondered what happened to the unused disaster funds. Ms. Baker replied that a disaster declaration from the governor would be necessary to access the funds. The funds were federal receipt authority, not "money in the bank".

[3:17:36 PM](#)

CAP RN 32609
Federal Aid-Highway State Match
\$36,000,000

Ms. Baker explained that the match was required for surface transportation and other projects.

CAP RN 33485
Highway Safety Grants Program
\$5,500,000

Ms. Baker stated that the federal receipts fund programs that facilitate communication with the public on seat belt laws and other highway safety training, networking and advertising programs.

CAP RN 41923
Other Federal Program Match
\$1,210,000

She stated that the funds were for non-aviation or surface transportation federal programs.

[3:19:24 PM](#)

CAP RN 34018
Statewide Safety Program
\$12,200,000

Commissioner Richards explained that the funds could only be used for specific safety related programs.

Co-Chair Stedman asked if the department would present a priority list of projects to Legislative Budget and Audit (LB&A). Commissioner Richards replied that when the department received the funds they were spent on specific safety related projects. If granted the authority, the funds may be used to address other, non-specific issues pertaining to traffic safety.

[3:21:04 PM](#)

CAP RN 7470
Airport Improvement Program
\$256,754,250

Commissioner Richards gleaned the list of airport improvement requests.

CAP RN 47751
Bethel: Airport Master Plan Update
\$350,000

CAP RN 49164
Cold Bay: Airport Improvements
\$6,000,000

[3:22:06 PM](#)

CAP RN 40555
Cold Bay: Airport Rescue and Firefighting Building
\$600,000

Commissioner Richards explained that the existing building was too small to accommodate the new generation of vehicles and needed to be upgraded.

CAP RN 43255
Chefornak: Airport Relocation
\$6,400,000

Commissioner Richards informed the committee that the request would fund the second stage of the runway relocation project through to completion.

CAP RN AMD 43240
Deadhorse: Airport Master Plan
\$150,000

[3:23:00 PM](#)

Commissioner Richards continued.

CAP RN 41530
Fairbanks International Airport: Environmental
Assessment and Cleanup
\$300,000

The project would address environmental issues on vacant lease lots by mitigating and cleaning up the lots and bringing them into compliance.

CAP RN 41527
Fairbanks International Airport: Equipment
\$1,040,000

Commissioner Richards relayed that the program would replace snow removal and firefighting equipment.

CAP RN 49633
Golovin: Runway and Apron Improvements
\$12, 520,000

Commissioner Richards communicated that the project would bring the air strip at Golovin into compliance with current standards and provides for an improved equipment storage building.

CAP RN 49104
Haines: Airport Drainage Improvement and Taxiway,
Runway and Apron Rehabilitation and Fencing
\$7,400,000

Commissioner Richards said that the project would address the many deficiencies at the Haines Airport.

CAP RN 49163
Kodiak Airport Improvements
\$36,000,000

Commissioner Richards stated that the request specifically applies to airport runway surface improvements and safety deficiencies.

CAP RN 49166
Koliganek: Airport Reconstruction
\$8,700,000

Commissioner Richards relayed that the project would upgrade the runway to meet current design standards.

[3:24:22 PM](#)

Senator Egan asked why two snow removal equipment buildings were necessary at the Koliganek Airport. Commissioner Richards replied that new equipment would be required to meet Federal Aviation Administration (FAA) standards, and that another building would be necessary to house the equipment.

Co-Chair Stedman requested a summarization of the existing project requests pertaining to federal receipt authority. Commissioner Richards replied that the airport requests were part of a ten year master plan, which examined the development needs of the listed airports. He summarized that runway safety standard compliance, and completion of existing projects were priorities for the department.

[3:27:50 PM](#)

Senator Olson inquired about language on page 54, specifically the term "Part 77 Navigable Airspace". Commissioner Richards replied that from the term referred to the slope on the sides and ends of the runway that create an imaginary surface that must be taken into account for aircraft safety.

[3:29:27 PM](#)

Co-Chair Stedman continued to the Surface Transportation Program requests.

CAP RN 32610
Surface Transportation Program
\$404,191,240

Commissioner Richards informed the committee that the appropriation had many sub-allocations and was outlined in the Statewide Transportation Improvement Plan (STIP).

Co-Chair Stedman requested the committee focus on Page 104, Alaska Marine Highway System: Fleet Conditions Survey Update.

CAP RN 38577

Alaska Marine Highway System: Fleet Conditions Survey Update.
\$250,000

Co-Chair Stedman asked if the fleet survey was performed annually. He suggested CAP RN 38577 and CAP RN 40380 were analogous. Ms. Baker responded that CAP RN 38577 was reflected as a deletion in the February 2010 capital budget amendments.

Senator Ellis queried CAP RN 49117: Arterial Roadway Dust Control Program. He relayed that he had received complaints from constituents concerning the cleaning of state roads under the previous program. Commissioner Richards clarified that the request was for a new federal project. With the new Environmental Protection Agency (EPA) permit the department would be required to sweep all state routes twice by June 1st, and then twice again on the main arterial roads by first snowfall. Secondary roads would require one sweep at the aforementioned times. Commissioner Richards asserted that the street cleaning situation throughout the state would improve under the EPA permit requirements.

[3:32:25 PM](#)

Senator Ellis understood that federal requirements associated with the requested funds would ensure better performance by the department. Commissioner Richards replied that the funding was not limited to state routes. The program covers all the routes within the municipality and therefore benefits both the city and state. Senator Ellis asked if better road sweeping could be expected. Commissioner Richards replied yes.

[3:33:34 PM](#)

CAP RN 49140

Coffman Cove: Wander Around Town Trail
\$450,000

Co-Chair Stedman directed attention to Page 6 of the Project Review Listing, Coffman Cove: Wander Around Town Trail. He questioned the validity of the project. Commissioner Richards replied that the project included a ten foot wide paved pathway, which would improve access safety between the boat harbor and the ferry terminal.

Co-Chair Stedman solicited further questions.

CAP RN 40396
Anchorage Metropolitan Area Transportation Solutions
(AMATS)
\$680,000

CAP RN 39103
Anchorage Metropolitan Area Transportation Solutions
(AMATS)
\$1,780,000

Senator Ellis expressed support from constituents on the proposed upgrades.

Co-Chair Stedman continued to Page 7 of the project listings and solicited questions.

CAP RN 49131
Mat-Su: Off System Bridges
\$6,000,000

Senator Ellis asked for an example of an off-system bridge. Commissioner Richards explained that an off-system bridge was a bridge found on a municipal road and was not on the state road system. The bridges in the project were in need of reconstruction to meet safety standards.

CAP RN 40358
New Seward Highway: Rabbit Creek to 36th Avenue
\$23,000,000

Co-Chair Stedman requested clarification of CAP RN 40358. Commissioner Richards explained that the project would expand the Seward Highway by two lanes, from Rabbit Creek to 36th Avenue. The project was a component of the Connect Anchorage Initiative, which the department had been laboring over for nearly a decade, and would support the flow of traffic within Anchorage.

[3:38:58 PM](#)

Senator Ellis asked about sound barriers to protect communities in districts where road improvement projects were occurring. He stated that in past conversations, the department had implied that the sound barriers would be included in the Seward Highway upgrades. He hoped that the noise impact on the neighborhoods would be taken into account. Commissioner Richards said that he was not familiar with the sound barriers with regard to the specific project. Senator Ellis reiterated his desire for sound barriers. He added that the planners at DOT were aware of the need for sound barriers in the project planning. Commissioner Richards assured Senator Ellis that the department would consider issue of sound barriers.

[3:41:55 PM](#)

Senator Egan thought that \$23 million was a low estimate when considering the amount of work expected on the project. Commissioner Richards replied that the construction market was highly competitive, which resulted in very low bids, and that the department felt comfortable with the numbers.

[3:43:38 PM](#)

CAP RN 36366
Surface Transportation Preconstruction
\$50,000,000

Commissioner Richards stated that the request would pay for the engineering of the project. It allows for preliminary steps such as; reconnaissance, preliminary engineering and design, right of way acquisitions, utility relocation, permit application and other details.

Co-Chair Stedman surmised that if the committee wished to influence the STIP process, now would be the time to improve the funding. He expressed concern that legislators had not been involved enough in the creation of the STIP. Commissioner Richards replied that the federal process that the department follows regarding the STIP requires that the projects be selected by a specific criteria. He echoed the committee's concerns and characterized the federal process as challenging and cumbersome.

[3:47:23 PM](#)

CAP RN 38304
Whittier: Maintenance and Operations
\$2,100,000

CAP AMD RN 48310
Alaska Marine Highways: Alaska Class Ferry: Vessel
Number 1
\$60,000,000

CAP AMD RN 49625
Scope Changes for Alaska Marine Highways: Alaska Class
Ferry: Vessel Number 2
\$0

[3:47:58 PM](#)

JIM BEEDLE, DEPUTY COMMISSIONER, ALASKA MARINE HIGHWAY, DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES, relayed that the department was seeking the authority to spend \$60 million from the Alaska Marine Highway Vessel Replacement Fund. A STIP had been submitted and approved by the federal government, who would match the \$60 million.

Co-Chair Stedman wondered if the marine highway federal receipt money could be redirected to highway improvements in metropolitan areas. He pointed out that the Parks and Seward Highways needed work and that jobs needed to be created in the state. He suggested using general funds to purchase the Alaska Class Ferry, which could then be built in-state. Mr. Beedle understood that the program was not considered federalized until the federal process had begun. However, the 9th Circuit Court had ruled that the instant federal dollars were used on a project it was thereafter considered a federalized program. He discussed the federal process and the limitations of certain funding under the law.

Co-Chair Stedman stated that the governor had cut \$15 million of the \$75 million the committee had appropriated for infrastructure. He felt that in-state hire should be a main priority. He expressed concern that the appropriation had been misguided. Mr. Beedle assured that committee that the department was expecting competitive bids from in-state businesses. He specifically mentioned Alaska Ship and Drydock INC. (ASD).

[3:53:16 PM](#)

Co-Chair Stedman added that the businesses should be competitive in the price and quality of the work provided. He asserted that if the state created policies that built in-state infrastructure, jobs could be created and populations in coastal regions would grow. Mr. Beedle agreed.

[3:55:27 PM](#)

Co-Chair Stedman wanted the state to have the ability to build Alaska Marine Highway Vessels in-state. Mr. Beedle pointed out to the committee that ASD was not currently a viable shipyard, and did not have consistent, high quality employees on a year round-basis. He hoped winning the bid for the project would improve the motivate ASD to improve its situation. He reported that in Washington State, the state provides general funds for marine vessels to be built in-state. The department had been forced to seek out federal funding for the project. Accepting federal dollars for the project has limited project flexibility.

Co-Chair Stedman requested that the department research the options available to the state and report back to the committee. He added that state waterfront issues affected oil and gas discussions.

[3:58:04 PM](#)

CAP RN 30633
Airport Deferred Maintenance
\$3,500,000

Co-Chair Hoffman stated that the backlog of airport deferred maintenance totaled \$90 million. He expressed concern for future funder for airport deferred maintenance. Ms. Baker clarified that the deferred maintenance projects had been in the governor's original capital bill, but have since been separated out as the deferred maintenance bill. The \$3.5 million in the request if for airport deferred maintenance.

[3:59:52 PM](#) AT EASE

[4:01:04 PM](#) RECONVENE

Senator Thomas inquired about the improvement of intersections on the new and old Steese Highway, which had

been listed in a general obligation (GO) bond that was passed in 2008. He hoped that the bonds had been sold and that the project was ready to be bid. Commissioner Richards replied that the project had been discussed and was in the development stages. He was not aware which bonds the project was tied to. He said that he would report back to the committee as to when the project would be going out to bid. Senator Thomas expressed frustration with the extended amount of time it took to complete projects when federal dollars were involved. Commissioner Richards relayed that the department had worked with a tight federal government timeline to receive and obligate federal stimulus dollars. The process had required staff to put GO bond projects on hold. He stressed that the department was working on federal projects, general fund projects and GO bond projects, and working diligently to use funds efficiently.

Senator Thomas referenced the capital request for \$450,000 to fund the Wander Around Town Trail. He reported that he had inquired of the department about the cost of a one mile bike path in Fairbanks and was told that it would cost \$3 million. He thought that was extreme. Commissioner Richards highlighted that the Wander Around Town Trail was only ten feet wide, not ten miles long.

[4:05:56 PM](#)

Co-Chair Stedman requested that Commissioner Richards get back to the committee with answers to bike path concerns.

[4:07:23 PM](#) AT EASE

[4:07:51 PM](#) RECONVENE

DEPARTMENT OF NATURAL RESOURCES

LETA SIMONS, DIRECTOR OF ADMINISTRATIVE SERVICES, DEPARTMENT OF NATURAL RESOURCES, testified that the \$4 million deferred maintenance request was made up of two allocations; one for state parks, and one for the Division of Agriculture Plant Materials Center. There are 21 deferred maintenance projects, 20 are in state parks.

DM AMD RN 49370
State Parks Deferred Maintenance and Equipment
Replacement
\$3,480,000

Ms. Simons detailed the projects 1-20 found on Pages 42-43 of the deferred maintenance requests (copy on file).

Co-Chair Stedman requested more information on the House of Wickersham. Senator Egan requested that the Gruening Cabin and Wickersham House deferred maintenance projects be separated. Co-Chair Stedman requested an energy report on the Governor's Mansion.

[4:13:30 PM](#)

Co-Chair Hoffman inquired about the Wood Tikchik Area request. He wondered why an air management program was under the parks request. Ms. Simons responded that the project included major upgrades to state parks. Co-Chair Hoffman questioned whether the project belonged in the state parks section of the deferred maintenance request. Ms. Simons said that they could be considered under a different listing.

JAMES KING, STATE PARKS DIRECTOR, DEPARTMENT OF NATURAL RESOURCES (via teleconference), spoke to the reasoning for the funding in the budget. He stated that there was one plane in the division, located in Dillingham. The plane was used to patrol hunters, search and rescue, and cabin observation. He added that the plane was the main transportation in and out of the park. Co-Chair Stedman requested a written response concerning the airplane.

[4:16:09 PM](#)

Senator Olson asked what patrolling hunters entailed. He also wondered if search and rescue efforts could be left to the Department of Public Safety.

Mr. King replied that the staff and the plane were based close to the Wood Tikchik Area Park, which often results in park staff being the first responders in emergency situations. Hunters are monitored for compliance with licensing requirements. Senator Olson asked if the department was doing enforcement work and citing hunters for violations. Mr. King replied that the first response was to educate but that a ranger was assigned to the park to issue citations if necessary.

Co-Chair Stedman reiterated the need to keep The People's House, commonly known as The Governor's Mansion, in excellent condition.

#

ADJOURNMENT

The meeting was adjourned at 4:18 PM.