

ALASKA STATE LEGISLATURE
HOUSE TRANSPORTATION STANDING COMMITTEE

February 22, 2011
2:05 p.m.

MEMBERS PRESENT

Representative Peggy Wilson, Chair
Representative Lance Pruitt, Vice Chair
Representative Eric Feige
Representative Craig Johnson
Representative Cathy Engstrom Munoz
Representative Max Gruenberg
Representative Pete Petersen

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

CONFIRMATION HEARING: COMMISSIONER, DEPARTMENT OF TRANSPORTATION
& PUBLIC FACILITIES, MARC LUIKEN

- HEARD

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

MARC LUIKEN, Commissioner, Department of Transportation & Public
Facilities (DOT&PF), Anchorage, Alaska

POSITION STATEMENT: Testified and answered questions during the
confirmation hearing.

ACTION NARRATIVE

[2:05:52 PM](#)

CHAIR PEGGY WILSON called the House Transportation Standing
Committee meeting to order at 2:05 p.m. Representatives P.
Wilson, Feige, Pruitt, Petersen were present at the call to
order. Representatives Gruenberg, Johnson, and Munoz arrived as
the meeting was in progress.

**Confirmation Hearing: Commissioner, Department of Transportation
& Public Facilities, Marc Luiken**

[2:06:42 PM](#)

CHAIR P. WILSON announced that the only order of business would be the confirmation hearing for the Commissioner, Department of Transportation & Public Facilities, Marc Luiken.

[2:07:18 PM](#)

MARC LUIKEN, Commissioner, Department of Transportation & Public Facilities (DOT&PF), Anchorage, Alaska, welcomed Representative Gruenberg back from his surgery.

[2:08:29 PM](#)

COMMISSIONER LUIKEN read from prepared remarks, as follows:

Thank you for the opportunity to speak to you today about the Department of Transportation & Public Facilities (DOT&PF) - and to provide you a bit more information about me. Let me first say, I believe I've been preparing for this job for the last 30 or more years. Beginning with my time at the U.S. Air Force Academy through my 29 year career as an air force officer, I've spent my professional life as a public servant, offering my life in the defense of our great nation. I've also benefited from some of the best leadership and technical training available anywhere.

I spent the first 18 years of my career as a pilot, primarily flying fighter aircraft in Europe and Southwest Asia. The last 12 years of my career have also included opportunities to lead large organization and implement and practice leadership lessons I've learned throughout my career. I was given opportunities to lead support organization that complemented the flying operations I was used to. At two of these assignments I functioned very similar to a city mayor in charge of civil engineering that involved both horizontal and vertical construction projects, communications involving base information technology, telephone and radio infrastructure, personnel, contracting and procurement, police and fire, supply and logistic services, and base service

organizations. As a result, I oversaw large military construction and infrastructure projects at these bases and oversaw the contracting of these projects and the procurements of commodities needed to run the base.

[2:10:42 PM](#)

COMMISSIONER LUIKEN continued:

I moved my family to Alaska in the fall of 2008 from Hickam AFB in Hawaii to take over the job of the 11th Air Force Vice Commander. In this position I oversaw the day to day operations of two fighter wings, 15 long range radar sites and two forward operating locations. I was also tasked with helping the 11th Air Force Commander get several military construction projects that had stalled or were struggling get back on track. Moving to Alaska from back to back assignments in near tropical climates - Florida and Hawaii - was a bit of a shock for our family, but we quickly came to love the beauty, grandeur and majesty of this incredible state. We also were simply amazed at how well Alaskans treat the military. It was far beyond anything we'd experienced anywhere in the world. Finally, we recognized the awesome opportunities available here in Alaska and quickly decided this is where we wanted to stay. Two months after our arrival my wife, Suzanne, told me we need to start looking for land. We were fortunate to purchase a beautiful home in South Anchorage just about a year ago.

I've begun my tenure as the commissioner by making some changes to our organizational leadership team.

[2:11:35 PM](#)

COMMISSIONER LUIKEN continued:

I did this for a couple of reasons. First, I saw a need for leaders to fill these top positions in the organization. I feel I have a great team who will help me move this organization forward in Pat Kemp, our Deputy [Commissioner] for Roads. Pat brings 30 years of experience with the department. Steve Hatter, our Deputy [Commissioner] for Aviation is an

incredibly talented leader with a very similar aviation background to mine. He's already doing outstanding work for the department in the aviation arena. Mike Neussl rounds out the top spots in the leadership team as the new Deputy Commissioner for the Alaska Marine Highway System (AMHS). Mike also brings 30 years of marine and leadership experience to the mix as a former U.S. Coast Guard Captain with 12 of those years stationed right here in Alaska.

COMMISSIONER LUIKEN continued:

Finally, we have three very strong and experienced regional directors in Steve Titus, in the Northern Region, Rob Campbell, in the Central Region, and Gary Davis, in the Southeast Region, and finally a very strong AMHS General Manager in Captain John Falvey. Secondly, I felt an injection of new blood would also benefit the department. I think this team has the right mix of leadership, state experience, and fresh perspective to provide a strong and positive outlook on the future of our department. Many of you have already heard where I would like to take this department. I believe my first priority is to the organization. I believe we need to not only provide for safe movement of people and good but to provide the safe and efficient movement of people and goods and the delivery of state services.

[2:13:21 PM](#)

COMMISSIONER LUIKEN continued:

We as an organization must become more efficient to provide the best use of resources the state and the nation provide us to deliver the safest transportation system possible. We must also become efficient with our most important resource, our people. We stand to lose up to 30 percent of our workforce in the next five years due primarily to the age of our workforce. Many are reaching retirement in the next five years. Therefore, I desire to create an organization that people want to be a part of, one that encourages growth and recognizes and rewards collaboration and innovation. I will also strive to build an organization that is accountable to you, and to our people, and one that promotes integrity, transparency

and outstanding service. One of my greatest encouragements I've had since joining the department as I've learned more about this department is the quality of people who make up DOT&PF. We already have an incredibly dedicated and professional workforce and I'm privileged to serve them in this capacity. My goal is to give them the resources, the training, and the focus to be even better. One area I've already begun to work is to increase our outreach to the public, the legislature, and our communities. My first day with the department was spent in Bethel. There I learned of the need for 24 hour service at the Bethel Airport, the third busiest airport in the state. I made that one of my top priorities for the FY 12 budget and I believe the governor supported my desire to expand our service at this airport to 24 hours through a budget amendment. I spend my second week in Ketchikan. There I learned a great deal about the AMHS, Alaska Ship & Drydock, Inc. and was able to discuss the struggles the [Ketchikan Gateway] Borough (KGB) had operating their airport. Since that visit we've been able to work on the airport issues and are moving forward toward a more positive relationship between our department and the borough of Ketchikan.

[2:15:32 PM](#)

COMMISSIONER LUIKEN continued:

I recently visited Nome and was given a great tour of the facilities there including the state office building and I have a better understanding of the issues there. I plan to continue this personal outreach to our communities and to hear and see first-hand their issues as they relate to our department. I'm also encouraging our regional directors to follow this example and you will see this department engaging you and the public more often. As an example, both Pat Kemp and Rob Campbell joined Representative Neuman and Senator Huggins at a town hall meeting in the Mat-Su Borough to discuss Knik-Goose Bay Road Safety concerns. I'm also planning to take my entire leadership team to Skagway after session.

[2:16:27 PM](#)

COMMISSIONER LUIKEN continued:

There are also several opportunities around the state this summer where I plan to visit specific communities in Eastern Alaska, on the Kenai Peninsula, and on Bristol Bay to name a few. We've also begun to provide more information on our website about the projects we're currently working on. As I've mentioned before, we're still at about the 80 percent point in this project reporting tool but my desire was to get the information out. We'll continue to refine this product to make it more "user friendly" and interactive and we welcome your suggestions.

[2:16:59 PM](#)

COMMISSIONER LUIKEN continued:

Many have already asked me, "What are your priorities?" I mentioned my desire to begin an organization transformation of our department. I'm also following my boss's lead as he's set some great broad policy objectives that are easy for us to follow. Safe families: I've already stated our mission is to provide the safest transportation system possible. I see this as our department's role in this objective. Jobs and economic opportunity: We put out about a half billion in projects last year and hope to do the same again this year; \$500 million in projects equals many job opportunities for Alaskans in my estimation. Roads to Resources: The department is already working diligently with the Department of Natural Resources (DNR), the Department of Environmental Conservation (DEC), the Department of Commerce, Community, and Economic Development (DCCED), and the Department of Law (DOL) and others to bring these roads from concept to reality. We are working on the Environmental Impact Statement (EIS) for the Umiat Road and we're in the public scoping process for both the Ambler Mining District and the Western Access Project. We've also had discussions with DNR on rare earth element development opportunities right here in Southeast Alaska.

COMMISSIONER LUIKEN concluded:

Finally, let me comment on the question of the brevity of my time here in Alaska. Let me first reiterate

I've served Alaska for the last 29 years. The exiting part for me is I now have the opportunity to serve this great state, fulltime, with all of my strength and ability. Our Governor has said that Alaska is still a land of great opportunity and strategic importance. I am excited to be part of a team that will open up many of these opportunities for Alaskans for the next 50 years.

[2:18:54 PM](#)

REPRESENTATIVE GRUENBERG remarked on Commissioner Luiken's qualifications and extended support for his confirmation. He asked whether the prediction of 30 percent retirees of our workforce. He expressed concern over the pension situation. He offered his belief that it is difficult to keep good people because of the defined contributions. He asked for his thoughts on retaining staff.

COMMISSIONER LUIKEN answered that he recognizes other intangible reasons that people stay with an organization. He offered his belief that the department can offer that to folks in the department and for future recruits. He acknowledged that it is challenging work. When he was in Nome he spoke to a 2008 graduate of Texas A&M, his son's alma mater. He said the Nome engineer asserted that Alaska offers engineering opportunities not available anywhere else. Those are the types of things he wants to promote to attract and keep existing personnel.

[2:20:47 PM](#)

REPRESENTATIVE GRUENBERG expressed concern over an intersection at Caribou, Boundary Boniface Parkway streets. He highlighted fatalities at that location and related the difficulty in getting a stop light installed at that location since it does not meet the normal requirements. He asked to further discuss this issue as people are literally "up in arms about that and we need your help."

COMMISSIONER LUIKEN offered to meet and discuss the street signal concerns.

[2:22:04 PM](#)

REPRESENTATIVE FEIGE commended Commissioner Luiken for his service in providing close air support for Desert Storm. He

asked for his views on the funding for a mapping program for the state and how it would affect the department.

COMMISSIONER LUIKEN reported that the current map the department uses for Alaska is 50 years old. Thus, the maps contain significant errors both horizontally and vertically. The DOT&PF is the lead agency for remapping and has had significant results last summer in beginning its work. The imagery is nearly complete since it is available commercially. The more difficult part is the vertical or digital elevation map. He said it is expensive to obtain. The dot has been able to identify the fidelity it desires. Last summer, the DOT&PF spent \$12 million in state and federal matching funds to map a portion of the state but a great deal remains to be completed. He stressed the importance of having an accurate digital elevation model overlaid on the digital model is for aviation safety. The state needs to have accurate data for aircraft in marginal weather given the significant terrain in Alaska. He also pointed out there are many other applications for an accurate base map that meets the national mapping standards, including how roads are aligned and the vertical distance necessary to construct roads, as well as providing cross agency benefits.

[2:25:38 PM](#)

COMMISSIONER LUIKEN offered his belief that the project would benefit the DCCED, the Department of Military and Veterans Affairs, the University of Alaska. It can aid emergency response services in terms of identifying emergency routes, and potential flood and water movement and would help the University of Alaska conduct its research. Additionally, it can help identify the effects of climate change on the Arctic. He reported that the DOT&PF has requested funding for key pieces that the federal government will not provide, as indicated by the Congressional delegation, unless the state provides some form of matching funds.

[2:27:17 PM](#)

REPRESENTATIVE JOHNSON asked for clarification on whether 30 percent of the workforce issue to retire or is eligible to retire.

COMMISSIONER LUIKEN acknowledged the distinction. He said the employees are eligible to retire in the next five years and the department should be prepared for the worst but try to revamp the organization to better retain its staff.

REPRESENTATIVE JOHNSON thanked him for the clarification since losing 30 percent of the workforce is different than the potential to lose 30 percent of trained staff. He encouraged him to develop that type of organization that people are excited to want to live and work in Alaska.

[2:28:35 PM](#)

REPRESENTATIVE PRUITT commented that the state owns the international airports in Anchorage and Fairbanks. He remarked that the Kulis Air Force Base (Kulis AFB) was just relocated to Elmendorf Air Force Base. He offered his belief that the department would potentially lease the former Kulis AFB property and facilities at market value. He thought that could be significant given the quality of the buildings. He asked what the state would do to fill the void, and how would any additional carriers, if any moved in, would impact, recreational activity at Lake Hood. He acknowledged the continued growth of the international airport as well as the increase in recreational aircraft in the area.

[2:30:08 PM](#)

COMMISSIONER LUIKEN answered that the DOT&PF is negotiating with entities who have expressed interested in Kulis AFB. He commented as a pilot on the growth at Lake Hood. He said he does not think there is anything like it in the world. The Anchorage International Airport has created unique procedures to move visual flight rule (VFR) traffic through instrument flight rule (IFR) air space very efficiently. It is a testament to the professionalism of the pilots who use the airspace. He offered his belief that the addition of IFR will not have a huge impact since the airport is already working well.

[2:31:37 PM](#)

REPRESENTATIVE PRUITT, in response to Chair Wilson explained the recent move of the Alaska National Guard air base from Kulis AFB to Elmendorf AFB.

COMMISSIONER LUIKEN elaborated that the 2005 Base Realignment and Closure act mandated the Alaska National Guard to move from Kulis AFB and relocate to Elmendorf AFB. He reported that it recently completed the military construction projects and flew the remaining assets to Elmendorf AFB. He also reported the

Kulis AFB will be completely turned over to the state by October 1, the end of the federal fiscal year.

CHAIR P. WILSON commented that several years ago, Representative Saddler flew her around the Anchorage International Airport. She remarked on the volume of airplanes in the airspace.

[2:33:31 PM](#)

REPRESENTATIVE JOHNSON recalled considerable discussion about loss of marketing department. He said the commissioner promised the marketing department would exist. He stressed the importance of marketing to assist the growth of the Anchorage International Airport (AIA). He stated that the AIA is a huge economic engine for Anchorage with estimates at 30 percent. He said, "It's huge, huge. I'm very keen that we stay out in front of the flying public." He related options now with the new 777s, and the need to make it very attractive to come to Anchorage and Fairbanks. He commented that he is not keen on Fairbanks marketing the AIA. He asked for the commissioner's philosophy on that issue.

COMMISSIONER LUIKEN responded that his first meeting with Representative Johnson was to discuss this topic. He said the DOT&PF has continued to foster marketing, but has not replaced the marketing person. The DOT&PF held a very successful cargo summit last August to discuss unique cargo transfer rights that Alaska enjoys. The DOT&PF followed up by sending the two airport managers on a seven nation tour to reiterate and explain transfer rights. He said there has been positive feedback from those carriers to potentially expand their business in Alaska. The DOT&PF will hold another summit this August. He asked to address the marketing position, specifically. He recognized that the DOT&PF needs a broader look at the entire system to create an organizational structure that is business oriented. Thus, the DOT&PF is working with the DOA to take a holistic look at the international airport organization structure. This should allow the DOT&PF to identify long term positions. He related he has spoken with his Deputy Commissioner for Aviation, who agreed the department may need to "pull the trigger" on several positions and the marketing position is likely one of them. He stated that he cannot give a specific timeline but he is working to address the marketing position.

REPRESENTATIVE JOHNSON stressed the importance in Alaska, noting that the airport deals with many cultures and people need a

single point of contact, a "point person" to call. He reiterated the need to have a singular point of contact.

[2:38:33 PM](#)

CHAIR P. WILSON referred to some e-mail questions. The DOT&PF manages many modes of transportation. She asked whether Commissioner Luiken can address highway, harbor, or ferry management plans.

COMMISSIONER LUIKEN answered that he has hired strong deputy commissioners and will let them do the job to address issues in the specific modes.

CHAIR P. WILSON asked whether he plans to change course.

COMMISSIONER LUIKEN offered his goal to provide safe and efficient movement. The theme for his leadership's focus is to bring projects to bid quickly and efficiently. He acknowledged challenges with the federal process, but the way forward is to look at most innovative ways and to create a system that is as efficient as possible.

[2:40:57 PM](#)

CHAIR P. WILSON recalled the state's range of infrastructure improvements range from \$8 to \$12 billion. She said the state relies on federal government for 90 percent of its transportation funding. She pointed out the billions of dollars in projects already underway lacking sufficient funding. She mentioned projects including projects in Gravina Access Project, the Juneau Access Project, Cooper Landing Bypass, the Wasilla Bypass to name a few. She added the Alaska Class Ferry. She asked how decisions be made on which projects will move forward.

COMMISSIONER LUIKEN answered that is the big question. The DOT&PF will look at what makes sense from a financial perspective based on federal funds. He said with respect to the very large projects, the state must provide the justification in more detail for the federal government to agree the project makes sense. One of the biggest challenges the department has is to prioritize our mega projects. He pointed out that the governor and legislature will provide funding and direction, as well.

[2:42:56 PM](#)

CHAIR P. WILSON asked whether the DOT&PF can proceed with the Juneau Access Road given that the project is under litigation.

COMMISSIONER LUIKEN related that the DOT&PF has used some material has been used on other projects to mitigate. The DOT&PF must wait for the final decision from the court. In the meantime, a separate project will lengthen the current road almost three miles and some material can be used for that project. He reiterated that once the court issues its decision, the department will know if it can proceed.

[2:44:38 PM](#)

REPRESENTATIVE MUNOZ asked for the value of the material and the storage location.

COMMISSIONER LUIKEN answered that the culvert material is stored in Juneau and the steel for bridges is being stored in Seattle. He offered to provide the value. In response to Chair Wilson, he answered that the total cost to deliver and stack 1,176 lengths of culvert was \$625,000. He offered that 200 culvert lengths will be used on the current road extension. The DOT&PF has spent \$8.8 on material stored in Seattle. He said the DOT&PF is currently paying \$42,000 per year to store the steel. The DOT&PF has spent approximately \$200,000 in storage fees to date, he also said. In further response to Chair Wilson, he responded that he recognizes that his new team is a new relationship, but he strives to build and maintain communication level with the legislature.

[2:48:57 PM](#)

REPRESENTATIVE PETERSEN mentioned several committee members traveling along the Dalton Highway. He asked for any improvements are planned for the haul road.

COMMISSIONER LUIKEN answered yes. He stressed the Dalton Highway is a strategic road that needs maintenance. He was uncertain of the specific projects but offered to provide a list.

REPRESENTATIVE PETERSEN reiterated the importance of maintaining the Dalton Highway, especially with respect to the proposed natural gas pipeline.

COMMISSIONER LUIKEN, in response to Chair Wilson, related the next scheduled trip would be on June 21, 2011.

CHAIR P. WILSON urged members who have not taken the trip to take the trip and view the terrain and to understand the necessity for maintenance of the road.

[2:51:19 PM](#)

CHAIR P. WILSON asked for plans for the Arctic. She recalled that Canada would like to be the gateway, which she agreed made sense for one portion. She stressed that Alaska should be the gateway to the Arctic passage. She asked whether DOT&PF would plan ahead.

COMMISSIONER LUIKEN answered that the DOT&PF is working with the U.S. Corps of Engineers and the U.S. Coast Guard to conduct an Arctic Ports Study, noting the department has a budget amendment for this project. He commented that he discussed this with Representative Pruitt yesterday. He said, "Alaska needs to lead our nation because as an arctic nation, I don't believe that we're necessarily working as proactively as we could. He offered to work with the administration to make certain the state develops an arctic policy.

CHAIR P. WILSON remarked that Alaska is the only state with arctic coastline. She stressed the importance of this issue.

REPRESENTATIVE PRUITT recalled his conversation and he was encouraged by the commissioner's comments. He said he felt the commissioner has a good grasp of the issue and what steps need to be taken.

[2:54:05 PM](#)

CHAIR P. WILSON referred to Roads for Resources projects. She emphasized the importance of Alaska diversifying its economy, including resource development. She asked which other roads are under consideration.

COMMISSIONER LUIKEN answered that Umiat is one of three roads in the Northern District and the Ambler mining district offers potential resources. He said the DOT&PF is working with DNR to specifically identify resources and find the right alignment for roads to help extract the resources. One company has expressed strong interest thus far. He previously mentioned the Western Access Road, sometimes called the road to Nome, which has mineral deposits along the stretch. Another is the rare earth elements on Prince of Wales Island. He highlighted positive

opportunities exist. He said he is personally working to determine whether the state has a federal partner to "stand up and say yes," that it is good idea to extract minerals and process them here. In further response to Chair Wilson, he said the mine location on Prince of Wales Island is close to tidewater and may not require much of a road, possibly a harbor.

[2:57:04 PM](#)

REPRESENTATIVE JOHNSON asked for his view on the proposed transportation endowment fund.

COMMISSIONER LUIKEN said he understands the legislature is looking at different options for address potential reductions in federal funds and to provide a stable source of funding. He said he is very interested in the discussion and the outcomes.

[2:57:56 PM](#)

REPRESENTATIVE PRUITT made a motion that Marc Luiken's name be forwarded to a joint session for consideration. There being no objection, the motion passed.

[2:59:11 PM](#)

ADJOURNMENT

There being no further business before the committee, the House Transportation Standing Committee meeting was adjourned at 2:59 p.m.