

ALASKA STATE LEGISLATURE
SENATE COMMUNITY AND REGIONAL AFFAIRS STANDING COMMITTEE

February 10, 2011

3:33 p.m.

MEMBERS PRESENT

Senator Donald Olson, Chair
Senator Thomas Wagoner
Senator Linda Menard
Senator Johnny Ellis

MEMBERS ABSENT

Senator Albert Kookesh

COMMITTEE CALENDAR

ALASKA'S MAYORS FORUM

- HEARD

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

JASON MALEMUTE, Mayor
City of Koyukuk
Koyukuk, Alaska

POSITION STATEMENT: Explained problems facing the City of Koyukuk.

VERNE RUPRIGHT, Mayor
City of Wasilla
Wasilla, Alaska

POSITION STATEMENT: Explained problems facing the City of Wasilla.

ALBERT HOWARD, Mayor
City of Angoon
Angoon, Alaska

POSITION STATEMENT: Explained problems facing the City of Angoon.

DELENA JOHNSON

Mayor, City of Palmer
Palmer, Alaska

POSITION STATEMENT: Explained problems facing the City of Palmer.

SHIRLEY MARQUARDT, Mayor
City of Unalaska
Unalaska, Alaska

POSITION STATEMENT: Explained problems facing the City of Unalaska.

JERRY CLEWORTH, Mayor
City of Fairbanks
Fairbanks, Alaska

POSITION STATEMENT: Explained problems facing the City of Fairbanks.

BERNA ANDREWS, Mayor
City of Aleknagik
Aleknagik, Alaska

POSITION STATEMENT: Explained problems facing the City of Aleknagik.

VIOLET BURNHAM, Mayor
City of Kaltag
Kaltag, Alaska

POSITION STATEMENT: Explained problems facing the City of Kaltag.

PETE HALLGREN, Deputy Mayor
City of Delta Junction
Delta Junction, Alaska

POSITION STATEMENT: Explained problems facing the City of Delta Junction.

LUKE HOPKINS, Mayor
Fairbanks North Star Borough
Fairbanks, Alaska

POSITION STATEMENT: Explained problems facing the Fairbanks North Star Borough.

ACTION NARRATIVE

[3:33:57 PM](#)

CHAIR DONALD OLSON called the Senate Community and Regional Affairs Standing Committee meeting to order at 3:33 p.m. Present

at the call to order were Senators Wagoner, Ellis, and Chair Olson. Senator Menard joined the committee shortly thereafter.

Alaska's Mayors Forum

[3:34:24 PM](#)

CHAIR OLSON announced that the order of business would be the Alaska's Mayors Forum. He explained that this is an opportunity for communities to voice concerns before the committee.

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JASON MALEMUTE, Mayor, City of Koyukuk, said right now the city's laundromat is the sole source of water for the entire community and is in jeopardy. He explained that they have been trying to get the funding to build a new facility but have been running into walls. This is their first time in Juneau and they have recently found out that they are on a GAO [U.S. Government Accountability Office] list of communities wishing to relocate, which is why they have not been able to get funding. Koyukuk is not actively seeking to relocate; this was misinterpreted after a large flood in 1994. Floods exist on the flood plains, but their infrastructure is not endanger of flooding. He noted that when the laundromat is not working, villagers have to drill a hole in the river ice to get their water. His main concern is the health and safety of the community. Families are moving out of the community because of the lack of funding to build new homes.

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SENATOR WAGONER asked how many people live in the community.

MR. MALEMUTE answered 100.

SENATOR WAGONER asked about the size of the laundromat.

MR. MALEMUTE answered it is a two-story building with a 5,000-gallon holding tank. It was constructed in 1976 and is deteriorating.

SENATOR WAGONER asked if they want to build a new facility.

MR. MALEMUTE said the city would like to build a new building fairly close to the old one, because right now it is close to the school, and it is the only water source in town.

SENATOR WAGONER asked if there is a well.

MR. MALEMUTE answered that there is one 200-foot deep well. A water and sewer master plan is not completed which calls for filtering the water, but they just live with the water issue.

SENATOR MENARD said that his village is very fortunate for having elected him.

CHAIR OLSON asked if hepatitis is an issue in the village.

MR. MALEMUTE answered no. However, there are other health issues.

CHAIR OLSON asked how large the community was 10 years ago.

MR. MALEMUTE replied it was about the same. People leave and their housing goes so they cannot return. But they want to return home. The population has fluctuated.

CHAIR OLSON asked when the school was constructed.

MR. MALEMUTE answered in 1979.

CHAIR OLSON asked if there are plans to build a new school.

MR. MALEMUTE replied not currently. The school is K-10th grade.

CHAIR OLSON asked how the city fights a fire.

MR. MALEMUTE replied that the city would use snow or water in buckets, as well as fire extinguishers and volunteers.

CHAIR OLSON said once a house catches fire there is no hope of saving it. He asked about the success of getting the village off the GAO list.

MR. MALEMUTE answered that they are planning to meet with officials in Anchorage.

CHAIR OLSON said there has to be a way to facilitate and help get his community out of the situation that they are in.

MR. MALEMUTE said it is disheartening to hear about the other villages receiving a lot of aid, while they have been black-listed. He reiterated that the community is not actively seeking to relocate.

SENATOR MENARD said a few years ago the legislature passed a bill which allowed dental therapists to work in remote areas. She asked if the city has had access to dental therapists.

MR. MALEMUTE answered yes. The Tanana Chiefs Conference has a program that comes out once every six months.

SENATOR MENARD said the dental therapists are not dentists but they are recognized by the state to be able to do many basic dental procedures.

MR. MALEMUTE replied that he doesn't know if this is the program the city is working with.

3:51:00 PM

VERN RUPRIGHT, Mayor, City of Wasilla, said there have been a lot of injuries on the Knik Goose Bay (KGB) Road and the Mat-Su Borough Road. He explained that the state has made this a safety corridor, and it should have been widened many years ago. The South Central Native Corporation is ready to build an 80,000 square foot clinic there, and Goose Creek Prison will be coming on-line. The Parks Highway from Wasilla is also extremely dangerous. The City of Wasilla has grown approximately 95.5 percent in nine years, to a population of 11,000. The greater Wasilla area will likely be redistricted into another House and Senate district. Yet the city doesn't have the needed infrastructure. People prefer to live in the Mat-Su Valley and the population has exploded around them. Their sewage treatment plant needs to be upgraded. A lot of money has been put into the Parks Highway, but it dumps right into the KGB area. Coming through the town there are road jams every day and the city did not receive any state funding for FY11.

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CHAIR OLSON asked what the Department of Transportation's (DOT) stance has been in putting alternate ways around the KGB.

MR. RUPRIGHT answered there was a plan to bypass the city of Wasilla, but the fear in the late 1990's was that it would "kill their businesses." Now in hindsight, it would not have hurt a thing. DOT has looked at it, but it is a low priority.

CHAIR OLSON asked about the safety corridors and whether these are helping.

MR. RUPRIGHT replied that people get impatient and they jump out into traffic. He said it is not just a city problem, but a

regional problem. With the introduction of the new prison, this issue is only going to grow; with 1,500 inmates, the prison is a city in itself.

4:02:57 PM

ALBERT HOWARD, Mayor, City of Angoon, said the community of Angoon has 472 people and an unemployment rate of 80 percent. They have a solution to this problem; they just need some help in order to get there. He explained that one solution to high energy costs is looking at hydropower. However, the city is located in the middle of a national monument. The Forest Service is supposed to co-manage the area with the city of Angoon. It seems that whenever the Forest Service wants to develop a project it happens, but when the city wants to develop a project it is very difficult. Angoon's existing water source is a beaver damn, and if this collapses the community will not have enough water. Alaska Native Tribal Health has done a study on future water projects, and they are asking for \$900,000. The Forest Service is telling the city that they have to trade lands to make this project happen, but when Admiralty Island was made into a national monument the community was told it was entitled to build under Title 11.

Currently, the Forest Service is allowing Angoon to build its hydro plant at one megawatt. It has the potential for ten. He reiterated that the city is trying to find solutions to their problems. On their projects list they have two projects that will bring revenue into their community. One result of high unemployment is the lack of hope, which leads to alcohol and drug abuse. Their children don't leave the community after high school and don't go to college. The trend that is happening is the younger children hang out with the older children and they see drinking as the example of what to do. He said they are tired of handouts. They do not want welfare. They want to teach future generations that "if you want something then you work for it." They are trying to move as quickly as possible to get their community caught up to the rest of Alaska. He stressed that the city's greatest immediate need is low cost energy.

4:11:37 PM

SENATOR WAGONER asked about the potential for hydro development and whether the city is working with the Alaska Energy Authority (AEA) on this project.

MR. HOWARD answered that AEA requires an operational maintenance cost of 22 cents per kilowatt. The corporation wants 14 cents per kilowatt. So they are back up to 36 cents a kilowatt, and

then the utility needs its share, so they are back up to 60 cents. He explained that many of the problems are political, rather than economic. Working on this project with AEA would be adding a middleman.

[4:14:09 PM](#)

DELENA JOHNSON, Mayor, City of Palmer, said in the last few years the city has received stimulus funding which have had some major benefits; however, as a result there are more municipal employees on PERS [Public Employee Retirement System]. After these projects have been completed those PERS accounts still exist, even if the position no longer exists. The city will be forced to do termination studies, at a high cost to the city, or to keep those positions filled. She said they have also had some compliance issues at their state airport. They work towards getting things in compliance but they can't meet that compliance without federal funds. However, now that they have received ARRA [America Recovery and Reinvestment Act] funding the FBI [Federal Bureau of Investigation] plans on investigating them for fraud.

[4:19:29 PM](#)

SENATOR WAGONER asked what kind of investigations.

MS. JOHNSON answered that this is a general overview on the ARRA funding. Having the FBI say it will be investigating all the ARRA grants for fraud is very frightening.

SENATOR WAGONER said there are some cases that do need to be looked at.

MS. JOHNSON replied she wants the committee to be aware of this situation. She does not believe there has been a time when the City of Palmer has spent federal funds that did not go where it was supposed to.

SENATOR WAGONER commented that show that sometimes federal funds should be denied when it's offered.

[4:23:40 PM](#)

At ease from 4:23 p.m. to 4:25 p.m.

[4:25:28 PM](#)

SHIRLEY MARQUARDT, Mayor, City of Unalaska, said that the Environmental Protection Agency (EPA) is insisting that the city build a new sewage treatment plant, which is creating a financial hardship for the community. In 2000, the city completed construction of a \$3.2 million upgrade to its sewage

treatment plant, using a plan that was approved by both the Alaska Department of Environmental Conservation (DEC) and EPA. In October of 2003 Unalaska applied for a renewal of its permit. In November of 2003 EPA issued a draft permit containing treatment limits that would require the three-year-old plant to be replaced. EPA is now threatening the city with a lawsuit and fines. She explained that the city was given 90 days to come into compliance to finance, design, and construct a new water plant. The Department of Justice has strongly urged the community to shift all of its funding to this need. The other primary need it has is a new landfill. This landfill would be necessary in order deal with the sludge produced by new required sewer treatment plant. The enhanced treatment plant will require a 170 percent increase in rates; if the city is forced to go to secondary treatment, the increase will be 200 percent, bringing monthly water bills of \$150 per household to the community. EPA is not basing its position to require this new treatment on human health or safety. It seems to be primarily an issue of forcing Unalaska to comply with national standards and guidelines. Now the city has been given until early 2014 to comply. Regardless, the Department of Justice continues to threaten huge fines. This is unfair to Alaskans that are struggling to do the right thing in a high cost environment.

SENATOR WAGONER asked if Unalaska officials have spoken with the congressional delegation to try and get them involved in this issue.

MS. MARQUARDT answered yes. She said the delegation is looking into hopefully holding some hearings on the Clean Water Act. When the city brings this talk issue forward to them, the delegation asks what the state of Alaska is doing.

[4:33:43 PM](#)

JERRY CLEWORTH, Mayor, City of Fairbanks, said the city shares the concerns of Palmer regarding the termination studies of PERS are a real issue for all of Alaska, especially for the municipalities. It is the city's understanding that Senator Paskvan has a bill that addresses this issue. Fairbanks' next and largest issue is energy. The city's energy costs are rising rapidly and they are trying to coalesce around some kind of a plan. The Fairbanks Industrial Development Corporation is promoting several bridge projects and their delegation is trying to come together around one plan. The last problem is revenue sharing. The security that they have had in the last few years has been good because it has been stable and they appreciate that.

[4:38:26 PM](#)

BERNA ANDREWS, Mayor, City of Aleknagik, said Aleknagik is a small village connected by road through Dillingham. The city is trying to upgrade and provide clean water to the community, however its sewage pipe is over 20 years old. They have a water and sewer feasibility study final report, and are trying to obtain funding for an upgrade. They also have safety concerns about their float plane route. They have funding for a boat storage yard, but need funding for a float plane road. There are issues with Alaska DOT, and a large discrepancy with the dollar amounts. She explained that DOT says it will cost \$1.5 million, but the Bristol Bay Native Corporation says the figure is \$1.8 million. She stressed the city's need for a float plane road for the float plane dock. Currently it is very congested. She added that the city is also in need of heavy equipment to keep its roads open.

[4:43:45 PM](#)

VIOLET BURNHAM, Mayor, City of Kaltag, said one of the city's priorities is to provide or build up an economic base for its community. She explained that the city has experienced many of the same problems and concerns that the mayor of Angoon expressed. Kaltag is trying to complete construction of a fish processing plant that was started in 1999. They ended up receiving a \$200,000 loan which they are still paying off. Last year was the first full year the plant was open. This year they are trying to put together a project to put in a concrete platform where the fish will be brought in. They are beginning to see some progress regarding unemployment. Last summer they had 35 people working in the plant, and the majority of the labor force came from Kaltag. They are hoping that this year with more fishermen coming on board that the processing plant will be more successful. They are expecting 10-15 fishermen, who will also hire within the community. Getting this project completed will offer the city an opportunity to do other things. There are a lot of young families leaving and they hope they can build up an economic base to keep people in the community.

[4:50:00 PM](#)

PETE HALLGREN, Deputy Mayor, City of Delta Junction said the city tries to serve about 1,100 people and with the surrounding area the city serves almost 5,000 people. The stability of revenue sharing has been a big help the last few years, but he would like to see more substantial revenue sharing. One of their capital project requests this year is for paving, which can cut the dust dramatically. He explained that having to pay for

various termination studies for employees takes a long time and is not a good way to go about it. All of the municipal employees are on PERS, which makes the city avoid filling positions.

SENATOR WAGONER asked how many employees the city deals with.

MR. HALLGREN answered that the city has ten full-time employees, and a number of part-time employees. He explained that the city keeps some employees part-time so it doesn't have to pay benefits.

SENATOR WAGONER asked if it has looked into methods for contracting out services.

MR. HALLGREN answered that the city has and is trying that out right now. He also noted that the Department of Natural Resources (DNR) recently sent the city's Chamber of Commerce a letter that informed the city that the department would be charging them higher rental rates for the Sultan Road House, which is on property owned by the DNR.

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LUKE HOPKINS, Mayor, Fairbanks North Star Borough, said the issue of termination studies impacting local government is felt in the Fairbanks North Star Borough as well. The city has been requested to respond to the termination study and hope that the legislature will consider the legislation that Senator Paskvan will be submitting. He said with regard to state infrastructure, the bridge over the Tanana River is important to the community. This is an issue of funding but also EPA has declared that a portion of the Tanana River is a resource of national importance, so this makes the construction more difficult. Regarding air quality, Mr. Hopkins said Fairbanks is the only non-attainment area in the state of Alaska. The borough assembly has addressed this problem by subsidizing residents to change out old wood stoves and those that don't meet emission standards. This has come from the city's own general fund and there are a number of stoves that still need to be addressed. He asked for the committee to look into assisting the local government to insure that the air quality standards are met. He explained that finding a low-cost energy solution is important for the community. He stated that the Fairbanks area has the highest price of natural gas in the state. If the city can find a way to get a near term bridge energy solution, he hopes the legislature will be able to assist.

[5:03:59 PM](#)

There being no further business to come before the committee,
Chair Olson adjourned the meeting at 5:03 pm.