

ALASKA STATE LEGISLATURE
SENATE COMMUNITY AND REGIONAL AFFAIRS STANDING COMMITTEE

February 7, 2012

3:34 p.m.

MEMBERS PRESENT

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

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

ALASKA'S MAYORS FORUM

- HEARD

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

DANIEL O'HARA, Mayor
City of Bristol Bay
Bristol Bay, Alaska

POSITION STATEMENT: Thanked the legislature for supporting the City of Bristol Bay.

ALBERT HOWARD, Mayor
City of Angoon
Angoon, Alaska

POSITION STATEMENT: Addressed the problems faced by the City of Angoon.

LUKE HOPKINS, Mayor,
Fairbanks North Star Borough
Fairbanks, Alaska

POSITION STATEMENT: Addressed the problems faced by the Fairbanks North Star Borough.

DAVID STONE, Mayor
City of Yakutat
Yakutat, Alaska

POSITION STATEMENT: Addressed the problems faced by the City of Yakutat.

PAT PORTER, Mayor
City of Kenai
Kenai, Alaska

POSITION STATEMENT: Addressed the problems faced by the City of Kenai.

DOUG ISAACSON, Mayor
City of North Pole
North Pole, Alaska

POSITION STATEMENT: Addressed the problems faced by the City of North Pole.

MORGAN JOHNSON, Mayor
City of Ambler
Ambler, Alaska

POSITION STATEMENT: Addressed the problems faced by the City of Ambler.

MARTHA WHITING, Mayor
Northwest Arctic Borough
Kotzebue, Alaska

POSITION STATEMENT: Addressed the problems faced by the Northwest Arctic Borough.

JAMES HORNADAY, Mayor
City of Homer
Homer, Alaska

POSITION STATEMENT: Addressed the problems faced by the City of Homer.

BOB HARCHAREK, Mayor
City of Barrow
Barrow, Alaska

POSITION STATEMENT: Voiced appreciation for what the legislature and the Office of the Governor have done for the City of Barrow.

KENNY WELLS, Mayor
City of Noorvik
Noorvik, Alaska

POSITION STATEMENT: Addressed the problems faced by the City of Noorvik.

DELENA JOHNSON, Mayor
City of Palmer
Palmer, Alaska

POSITION STATEMENT: Addressed the problems faced by the City of Palmer.

VERNE RUPRIGHT, Mayor
City of Wasilla
Wasilla, Alaska

POSITION STATEMENT: Addressed the problems faced by the City of Wasilla.

DAVID SEAWARD, Mayor
City of Seward
Seward, Alaska

POSITION STATEMENT: Addressed the problems faced by the City of Seward.

ACTION NARRATIVE

[3:34:15 PM](#)

CHAIR DONALD OLSON called the Senate Community and Regional Affairs Standing Committee meeting to order at 3:34 p.m. Present at the call to order were Senators Kookesh, Menard, Ellis, and Chair Olson. Senator Wagoner arrived shortly thereafter.

ALASKA MAYORS' FORUM

[3:34:40 PM](#)

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

[3:35:20 PM](#)

DANIEL O'HARA, Mayor, City of Bristol Bay, said the Bristol Bay Borough appreciated continued support from the governor and the state, especially for its harbor renovations. He said the enhanced dock facilities had fostered a successful and growing commercial fishery.

[3:37:20 PM](#)

ALBERT HOWARD, Mayor, City of Angoon, said one of the immediate concerns was the cost of electricity. He said it was hard to create economic growth with electrical rates at \$0.67 per kilowatt. He said Angoon was ignored in the Southeast Alaska Integrated Resource Plan for power intertie consideration. He

said an intertie would provide access to lower cost electricity, allow Angoon to offer Southeast with potential hydro power access and the state would benefit by transferring Power Cost Equalization funds to other communities. He shared a personal experience with suicide and stressed the need for suicide prevention support.

[3:44:11 PM](#)

LUKE HOPKINS, Mayor, Fairbanks North Star Borough, said he was thankful for last year's revenue sharing support from the state. He said Fairbanks continued to struggle with high fuel costs, clean air regulations and energy funding. He noted that the proposed natural gas pipeline program would take time for Fairbanks to benefit from. He said communities were employers and the state's decision on funding for the Alaska Public Employee's Retirement System (PERS) would have a financial impact. He said Fairbanks benefited from transportation funding for a railroad bridge and was hopeful that the new federal highway bill would provide additional infrastructure funds.

DAVID STONE, Mayor, City of Yakutat, said the community faced a dilemma from \$600,000 being cut from federal funding for education. He said Yakutat faced economic development and population issues due to high energy costs. He said rural communities provided the state with the resources for its wealth, but money stayed primarily in the larger communities.

[3:52:30 PM](#)

At ease from 3:52 p.m. to 3:55 p.m.

[3:55:04 PM](#)

PAT PORTER, Mayor, City of Kenai, said legislation provided a positive economic impact for oil and gas exploration within the Kenai and the Cook Inlet Basin. She said two new oil rigs would be operational in 2012 and natural gas delivery recently started for the local market. She said Kenai and other small municipalities would benefit from legislation that eliminated the termination study requirement for PERS employees.

[3:58:57 PM](#)

DOUG ISAACSON, Mayor, City of North Pole, said high energy costs were a burden to the community. He said infrastructure projects were in the works and suggested short term solutions to address immediate needs: trucking natural gas to Flint Hills Refinery and Golden Valley Electric, working with the governor to combine the Alaska Gasline Development Corp. (AGDC) pipeline with the Alaska Gasline Inducement Act (AGIA) pipeline, building

transmission lines from lower cost hydroelectric sources in Southeast and natural gas storage tank tax credits to support a trucking program. He said the community was concerned with the potential economic impact from the Air Force's proposed jet fighter move from Eielson Air Force Base to Joint Base Elmendorf-Richardson in Anchorage. He noted that residents in North Pole and Interior were moving out due to financial concerns from higher energy costs and employment uncertainty.

SENATOR OLSON asked why Flint Hills Refinery's fuel was so expensive.

MAYOR ISAACSON answered that Alaska's Royalty In Kind (RIK) oil was sold to Flint Hills Refinery at a premium. He said it was less expensive to receive fuel from Washington state refineries that process Alaskan oil. He said pricing RIK oil at cost to Alaskan refineries would mitigate the high cost of energy for residents and create more jobs in the local oil industry.

[4:05:49 PM](#)

MORGAN JOHNSON, Mayor, City of Ambler, said residents were moving out due to a lack of jobs and homes. He said energy prices continued to rise in addition to the added cost from transporting heating fuel and gas via airplane. He noted that the city's bridge to the airport required replacement. He said all building projects were placed on hold when the Ambler Gravel Pit closed in 1999 due to the discovery of Natural Occurring Asbestos (NOA). He said the lack of gravel had a negative impact on new home development, river bank erosion mitigation, airport improvement, road construction and maintaining the solid waste dump site. He said Ambler had worked with numerous agencies to address solutions for NOA. He said Ambler and the Upper Kobuk River Valley had been forgotten and hoped legislators would help.

SENATOR WAGONER commented that jade was a member of the asbestos family and could be part of the problem. He said there were no easy solutions and suggested spraying roads with a calcium and water mix to reduce dust created by vehicles.

MAYOR JOHNSON responded that formulating standard operating procedures on how to deal with NOA.

[4:15:39 PM](#)

MARTHA WHITING, Mayor, Northwest Arctic Borough, said the number one priority for the borough was public safety. She expressed gratitude for the Village Public Safety Officer program and

mentioned a need for a public safety facility. She said the combination of high energy costs and record low temperatures had been a challenge. She said resources were extracted from rural Alaska and asked that additional revenue return to the area.

[4:19:06 PM](#)

At ease from 4:19:06 p.m. to 4:19:40 p.m.

[4:19:40 PM](#)

MAYOR WHITING said it was important that the region directly benefited from local mining operations. She said the Northwest Arctic Borough had the highest cost of living in the state and asked that basic service funding take that into account. She said the area required water and sewer upgrades, new bridges and access roads. She noted the region's high suicide rate and asked for suicide prevention support.

[4:22:39 PM](#)

JAMES HORNADAY, Mayor, City of Homer, said the city's population was growing by 100 residents per year. He said the fishing and tourism industries continued to grow. He noted that Homer had the state's largest single-boat harbor and funding was required for needed upgrades. He noted that harbor funds from the cruise ship passenger fees had been beneficial. He said the state should address PERS and asked that revenue sharing from gas taxes continue.

SENATOR MENARD asked about the Pratt Museum's status.

MAYOR HORNADAY answered that Homer supported the Pratt Museum and asked that funding for prioritized projects be taken into consideration first.

[4:25:49 PM](#)

BOB HARCHAREK, Mayor, City of Barrow, said Shell Oil had invested billions in regional exploration and was drawing closer to the development phase. He said Barrow, the state and the Coast Guard should be more directly involved with regional oil activity. He said the Piuraagvik Recreation Center required renovation funding due to Barrow's continued population growth.

[4:30:40 PM](#)

KENNY WELLS, Mayor, City of Noorvik, said the city's sewage lagoon required an upgrade. He asked the committee to approve airport upgrades to support the Postal Service's proposed bypass mail hub for the Northwest region. He said the proposed mail hub would bring jobs to area villages and recommended including

access to motor vehicle licensing within the new mail facility. He thanked the committee for its ice road funding.

CHAIR OLSON asked about the gravel pit status and the condition of the road to the river.

MAYOR WELLS answered that five gravel pits were in the region with no asbestos issues and the road to the Kobuk River was in good condition.

[4:33:35 PM](#)

DELENA JOHNSON, Mayor, City of Palmer, said the high cost of energy was a contributing factor for an influx of rural residents moving to Palmer. She said infrastructure upgrade funding would be required to respond to the continued population growth.

CHAIR OLSON asked what relocation services were available for rural individuals moving to Palmer and what the state could do to facilitate those services.

MAYOR JOHNSON answered that Palmer was a supportive community that offered access to a Senior Center along with an active non-profit group network. She noted that many of the state funded services were not located in Palmer.

SENATOR MENARD commented that the Mat-Su College provided degree and certificate program opportunities.

MAYOR JOHNSON responded that Mat-Su College was part of the attraction of living in Palmer. She noted that the city's inviting downtown and tremendous sense of community attracted new residents.

[4:40:09 PM](#)

VERNE RUPRIGHT, Mayor, City of Wasilla, said the Mat-Su Borough invested in schools and roads. He said the state could help Wasilla stay ahead of the infrastructure needs. He said people need a decent place to live, something good to eat and work. He said infrastructure, transportation and jobs solve three major human needs.

SENATOR MENARD commented that people also need safety.

[4:41:49 PM](#)

DAVID SEAWARD, Mayor, City of Seward, said seniors were having a hard time with affordability, families were not finding work and

the future for young people was not bright. He asked support for the Community Development Quota (CDQ) port project and the Jesse Lee Home for Children restoration. He said the Sea Life Center and the Alaska Vocational Technical Center were important entities located in Seward that benefited everyone in the state.

SENATOR MENARD asked about the economic benefit from the Spring Creek Correctional Center.

MAYOR SEAWARD answered that the correctional center was a benefit to the community.

SENATOR MENARD said inmates sent to out-of-state correctional facilities would be moved to Spring Creek Correctional Center for rehabilitation near family members.

[4:45:52 PM](#)

CHAIR OLSON thanked the mayors for their testimony.

[4:46:21 PM](#)

There being no further business to come before the committee, Chair Olson adjourned the Senate Community and Regional Affairs Standing Committee at 4:46 p.m.