

SENATE FINANCE COMMITTEE  
March 15, 2011  
9:02 a.m.

9:02:10 AM

CALL TO ORDER

Co-Chair Stedman called the Senate Finance Committee meeting to order at 9:02 a.m.

MEMBERS PRESENT

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

MEMBERS ABSENT

None

ALSO PRESENT

Mark A. Luiken, Commissioner, Department of Transportation and Public Facilities; Laura Baker, Director, Division of Administrative Services, Department of Transportation and Public Facilities; Mike Neussl, Deputy Commissioner for Marine Operations Alaska Marine Highway System; Pat Kemp, Deputy Commissioner for Highways, Department of Transportation and Public Facilities.

SUMMARY

SB 46            BUDGET: CAPITAL

SB 46 was HEARD and HELD in Committee for further consideration.

#sb46

SENATE BILL NO. 46

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

[9:02:24 AM](#)

Co-Chair Stedman discussed the planned review of the governor's FY 11 capital budget. He explained the process and the binders.

[9:03:50 AM](#)

Department of Transportation and Public Facilities

MARK A. LUIKEN, COMMISSIONER, DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES introduced himself.

LAURA BAKER, DIRECTOR, DIVISION OF ADMINISTRATIVE SERVICES, DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES detailed the "Project Review Listing, FY 2012 Governor Amended" (copy on file).

RN 51721

The Ward Cove Improvement- Alaska Marine Highway System

\$3,400,000

Ms. Baker informed that the \$3.4 million will fund the phase one efforts for the new warehouse and property purchased in Ward Cove.

Co-Chair Stedman asked about the original \$5 million appropriation, which was spent on the acquisition of land and buildings of Ward Cove.

[9:07:08 AM](#)

MIKE NEUSSL, DEPUTY COMMISSIONER FOR MARINE OPERATIONS ALASKA MARINE HIGHWAY SYSTEM (AMHS) responded that the original \$5 million was used for the purchase of the Ward Cove property. This project attempted to create a functional replacement for the Alaska ship and dry-dock facility.

Co-Chair Stedman asked why the project was divided into phases. Mr. Neussl replied that the project was divided into two phases because of the existence of two separate facilities. An uplands facility with office and warehouse space must be moved to another facility in Ward Cove, necessitating phase one of the item. The waterfront project is complex and unfinished and will constitute phase two of the project. The two-phase effort allows Alaska ship and dry-dock to use the space vacated in phase one to begin constructing a ship yard.

Co-Chair Stedman recalled that the original plan seemed substantially simple. He asked about the newly introduced complexity. Mr. Neussl agreed that the original goal was to relocate the ship facility operations to Ward Cove. He was unaware of the origin of the two phase plan. He pointed out that the first phase is simple in comparison to phase two and deduced that the complexity of the second phase might have led to the separation.

Co-Chair Stedman acknowledged that three issues are wrapped up in the second phase of the project. He asked how the \$40 million would be split between the items.

[9:10:40 AM](#)

Ms. Baker replied that the \$40 million request was an estimate. The department was lacking refined estimates. The road access issue was based on the curvature of the road around the facility.

Co-Chair Stedman asked if an additional \$40 million request might be expected. Ms. Baker admitted that she did not yet know the request for next year. Co-Chair Stedman asked if the committee should expect a substantial request from the Alaska Marine Highway System in the FY 13 capital budget. Mr. Neussl responded yes.

[9:11:36 AM](#)

Co-Chair Stedman commented on the new Alaska class ferry with funding shortfalls. He wondered about the prioritization of the ferry versus the mentioned project. Mr. Neussl did not know. He stated that the project was an important component of the Alaska Class Ferry. He stated that it was essential to vacate the space vacated in phase

one to allow for construction. He believed that the number one priority was to vacate the uplands facility.

Senator Olson asked what would happen if the project was not funded this year. Mr. Neussl responded that a delay would postpone the construction project, which requires funding. Lack of funding would mean a one year delay in the construction of the project.

Senator Egan expressed confusion about the location of the proposed project. Mr. Neussl replied that the main ferry terminal was located in downtown Ketchikan and would remain so. The Ward Cove facility serves the essential purpose of laying the ships up during the winter at the facility located near the Alaska Ship and Dry-dock. The move to Ward Cove and the building of a lay-up and overflow facility was intended to free up the space at south berth to allow Alaska Ship and Dry-dock to expand under the Alaska Industrial Development and Export Authority (AIDEA) agreement.

Co-Chair Stedman clarified that south berth was previously part of the facility until AMHS took over the area. He commented that the shipyard is under new management and now requires the facility.

[9:15:27 AM](#)

Senator Thomas commented on the square footage of the two different units. Mr. Neussl corrected the information presented stating that the measurements were typographical errors.

Senator Thomas asked for an estimate of the total cost of the buildings. He wondered about property acquisition. Mr. Neussl responded that the property acquisition had been addressed with the initial \$5 million. He added that the \$3.4 million request is to retrofit an industrial facility for office space as well as climate controlled, and non-climate controlled warehouses.

Senator Thomas asked about the estimated refurbishment cost per square foot. Mr. Neussl offered to respond to the committee.

[9:17:29 AM](#)

Co-Chair Hoffman asked about the criteria utilized to fund the project with AIDA funds as opposed to general funds. Ms. Baker responded that the revenue source was identified by the Office of Management and Budget (OMB). The source was proposed to fund the Ward Cove and the Roads to Resources projects.

Co-Chair Hoffman asked if the department had an opinion about the proposed revenue source. Ms. Baker responded no.

Co-Chair Stedman noted that the new office building is not weighted equally with the Alaska Class Ferry. He stated that he would weigh the Alaska Class Ferry higher than he would the new office building. He stated that the potential \$60 request for the Alaska Class Ferry would be prioritized above the new office building. He asked the administration to justify the Ward Cove request.

[9:19:41 AM](#)

Senator McGuire asked about potential site contamination at the Ward Cove site. She wondered if the department would look to the finance committee for reimbursement for the potential clean-up fees. Mr. Neussl did not believe that contamination existed at the Ward Cove site. He stated that the portion of Ward Cove was chosen because of known contamination in an area further south.

Senator Egan agreed with Co-Chair Stedman regarding the prioritization of projects. He offered the Juneau facilities a docking space for work in the winter.

Co-Chair Stedman agreed that the project must be prioritized. He requested a timeline regarding the funding spent on the Alaska Class Ferry.

[9:23:08 AM](#)

Ms. Baker offered to follow up on the issue.

Senator Olson asked about RN 50767 and the rural airport emergency medical evacuation lights. He read the comment in the committee backup stating that over 50 rural airports are without operable permanent airport lights. He wondered if private airports were included in the findings. Co-Chair Stedman stated that the committee would address the

projects in the order presented. Ms. Baker referenced the next project on the list.

RN 50745

Alaska Marine Highway System: Vessel and Terminal Overhaul and Rehabilitation  
\$8 million

Ms. Baker explained that the request was annual in nature. The funding would provide the annual maintenance and overhaul at the terminals and address any system failures on the vessels. Co-Chair Stedman asked if the necessary amount was \$10.8 million as opposed to the previously mentioned \$8 million.

Ms. Baker responded that AMHS receives the majority of the fuel trigger funding that comes to DOT/PF. She stated that this was the third year for an estimated surplus in fuel trigger allocated to the program. Early estimates established a \$4 million surplus in the fuel trigger for this year, which has been since reappropriated to cover the supplemental request for the FY 11 vessel and terminal overhaul and rehabilitation. The legislature passed an \$8 million vessel overhaul and terminal rehabilitation appropriation. The department returned for supplemental requests last year. She anticipated a similar supplemental need this year. Co-Chair Stedman asked about the anticipated total request. Ms. Baker stated that \$10 million would cover the costs reflected in the write-up. She added that FY 11 requires \$4 million to meet the vessel overhaul. He concluded that FY 11 requires \$12 million.

Co-Chair Stedman asked about the fuel trigger and last year's reappropriation of \$4 million. Ms. Baker replied that last year's \$4 million reappropriation funded the Aleutian Chain ferry run for 2010 and 2011. She noted additional funding that carried forward into the Marine Highway System Fund. The year prior, an estimated \$8.9 million of excess fuel trigger was placed into a special account in the Alaska Highway System Fund. She added that the department was close to a balance between the cost of fuel and fuel trigger mechanism funding.

[9:28:27 AM](#)

Co-Chair Stedman asked about the upcoming FY 13 appropriation and the escalation between the various years.

Ms. Baker responded that a study was included in the \$17 million request for ferry replacement and engine work.

Co-Chair Stedman asked which study was referred to. Ms. Baker replied the study on the Tustumena. Mr. Neussl clarified that the study reflected data required to replace the Tustumena.

Co-Chair Stedman asked if he could see the study. Ms. Baker stated that the department would provide a response to the committee.

Co-Chair Stedman stated that he did not want to spend an additional \$100 thousand to conduct a duplicate study.

[9:30:33 AM](#)

Mr. Neussl informed about an upcoming meeting with the contractor who conducted the study.

Co-Chair Stedman stated his concern that the study would be "whitewashed" prior to its release. He did not expect good results. He wanted the information "shot straight." He stressed that he did not anticipate a rosy scenario, but wanted accurate information from the study. Mr. Neussl responded that he read phase one of the reports. Phase two and three recently arrived, and he planned to meet with the contractor to discuss results. He acknowledged that the chairman did not want a "whitewashed" report.

[9:32:30 AM](#)

RN 49780  
Municipal Harbor Facility Grant Fund (AS 29.60.800)  
\$5 million

Ms. Baker explained that the \$5 million would match \$500 million from the communities for a total of \$10 million in project work.

Co-Chair Stedman thought it positive that the governor included funding in his proposed capital budget for the item. He voiced concern about last year's vetoes and the governor's rejection of the \$5 million last year.

Ms. Baker offered to get back to the committee with a response.

Co-Chair Stedman noted that the committee would be studying the municipal harbor grant process in addition to sewer, water and school maintenance issues. He added that the committee does not create the list. The projects are submitted to the department from the communities, where they are ranked, but the legislature decides the amount of funding.

[9:34:39 AM](#)

Co-Chair Hoffman commented on the various projects listed. He asked why the department is splitting the project.

Co-Chair Stedman clarified that the port funding was separated by costs. He stated that if the appropriation stands at \$5 million then the first project is skipped over and the second is completed. Ms. Baker concurred with the chairman's assessment. He asked why Port Lions was skipped. Ms. Baker responded that the ranking must be studied further to answer the question. Co-Chair Stedman acknowledged that the funding level was an arbitrary number.

Co-Chair Stedman stated that the legislature historically targets \$10 million per year to rebuild harbors with a 50 percent match with municipalities. He asked if the administration continued interest in appropriating \$10 million per year.

[9:37:17 AM](#)

Senator Egan agreed with Co-Chair Stedman and Co-Chair Hoffman. He believed that the list will continue to grow. He stated that municipalities and coastal communities received harbors for ten to twenty cents on the dollar. He thought that the coastal communities are getting the short end of the stick. Many of the state harbors were offered to the communities in poor shape. The municipalities agreed to the fifty percent matches with the inclusion of significant funding sources from the local communities

Co-Chair Stedman expressed concern that projects would be skipped. He preferred to follow the provided lists. He requested further information about the agency's process.

Ms. Baker explained that the \$5 million represents a continuing funding level from the amount enacted last year. Co-Chair Stedman recalled that an additional \$5 million was added to last year's \$5 million request. He acknowledged the substantial excess of revenue in 2011, making it difficult to legitimize reducing the funding level from \$10 million to \$5 million.

[9:41:50 AM](#)

RN 46338  
Infrastructure and Erosion Control Design and  
Environmental Permitting  
\$300,000

Ms. Baker explained that the project would allow for ongoing early project coordination with communities affected by coastal or river erosion.

RN 50767  
Statewide: Rural Airport Emergency Medical Evacuation  
Lights- Battery Replacement  
\$46,000

Senator Olson asked about the 50 airports listed and whether they are private airports. Mr. Neussl replied that the airports referenced are those owned and operated by the state.

Senator Olson asked if hospital heliports are included in the list. He mentioned the reference to medical evacuation procedures and the importance of lights to the pilot. Mr. Neussl responded that the batteries are for the emergency light kits purchased three years ago. The light kits are set up for both runways and heliports. Because the kits are portable, they could be moved to another location with a medical evacuation heliport.

[9:44:07 AM](#)

Co-Chair Hoffman referenced RN 46338. He asked about additional work slated for Newtok relocation. He thought it beneficial to identify areas that are eroding, but he advocated for those communities taking positive action to relocate their communities. He informed that he discussed the issue with the department last year.

Ms. Baker responded that the Newtok relocation has been a collaboration of DOT/PF and the Department of Commerce, Community and Economic Development. She did not believe that additional funding existed for the Newtok project.

Co-Chair Hoffman asked if the planning and identification of new locations was prioritized above addressing positive movements for a community seeking relocation. He opined that the identification of additional communities is not the priority. He requested further advancement for the relocation of Newtok.

Ms. Baker understood the concerns. She stated that the study is in its final stages. She commented that the road to the evacuation shelter had been completed in Newtok. The next stage is work on the shelter.

Co-Chair Hoffman agreed that the studies were important, but he stressed that the state must continue to aid those communities requesting relocation. He thought that the residents of Newtok would agree. Commissioner Luiken responded that the next phase will begin this summer and includes the construction of the evacuation shelter.

[9:47:50 AM](#)

RN 48941  
Roads to Resources  
\$10,500,000

Co-Chair Stedman informed that the committee would address the Roads to Resources in a separate meeting.

[9:48:26 AM](#)

RN 50770  
Arctic Ports Study  
\$972,000

Ms. Baker explained that the general fund appropriation would fund both a study and the mapping of potential Arctic deep water port sites in conjunction with the US Army Corps of Engineers.

Co-Chair Stedman asked if the project was part of the digital mapping initiative. He asked how much funding the program has received from the state thus far.

Commissioner Luiken stated that \$4 million was allocated toward the statewide digital mapping initiative. One portion was to purchase the imagery segment of the map, while another share of approximately \$4 million was spent last year. The federal match was approximately \$11 million. He hoped to use the study to leverage additional federal funding.

Co-Chair Stedman compared the program to an orphaned child, as it had moved among departments.

Commissioner Luiken commented that the program began with the Department of Military and Veterans Affairs (DMVA) and was oriented toward aviation safety. The money was divided and the DMVA portion was moved to DOT/PF who has since assumed responsibility.

Co-Chair Stedman asked for an update regarding priorities for mapping. He asked about changes in the priority list. Commissioner Luiken responded that last year's priority was to map the south central region of the state.

Co-Chair Stedman stated that the mapping of the metropolitan areas remained unfinished. Commissioner Luiken agreed. He noted the intent to designate the entire Southeast region for remapping in the future.

[9:53:16 AM](#)

Co-Chair Stedman asked for the anticipated timeline. Commissioner Luiken responded that the federal agencies' match would factor into a time line. He anticipated that the entire state would be complete in three years.

Co-Chair Stedman repeated that the entire state would be mapped in three years. Commissioner Luiken stated that if the department receives a federal match then yes the project could be completed in three years.

Co-Chair Stedman stated that he was more comfortable with state funding than federal. He asked how much additional money was required to complete the project. Ms. Baker estimated \$4 million per year over a 3 year period.

[9:55:00 AM](#)

Co-Chair Stedman asked about the department's method of prioritization.

Commissioner Luiken stated that the aviation safety sites had been mapped. The prioritization included a good portion of the North Slope. The northwestern region of Alaska was next on the list. He mentioned the idea of resource exploration and the significant mineral deposits in southeast Alaska that may influence the list of priorities.

Co-Chair Stedman asked for the written plan for the next three years to be submitted to the committee. Commissioner Luiken concurred.

Co-Chair Hoffman asked about the mapping of the west coast. Commissioner Luiken offered to answer the question at a later date.

[9:57:08 AM](#)

Senator McGuire asked who provides direction regarding prioritization. Commissioner Luiken responded that he makes the prioritization decisions.

Senator McGuire stated that the appropriation for the arctic port was important. She believed that the legislature wanted to be involved in the port process. She asked how the commissioner would manage the great responsibility. She wondered if the commissioner had additional staff aiding the process. Commissioner Luiken responded that he was contracting the U.S. Army Corp of Engineers to define the parameters and provide focus.

[10:00:01 AM](#)

Senator McGuire stated that she would prefer to see the project in the Department of Military and Veterans Affairs (DMVA) subcommittee, which she chairs. She mentioned recent discussions addressing an arctic port. She offered to facilitate communication between the department and various military Generals. Commissioner Luiken replied that that the department is actively involved with the DMVA.

Co-Chair Stedman stated that there was an issue of a backlog of 2200 permits. Commissioner Luiken replied that the mapping initiative is multifaceted and impacts multiple departments.

[10:02:19 AM](#)

Senator Olson pointed out that the coast is 927 miles long. He asked the length proposed when mapping the arctic coast. Commissioner Luiken stated that he could not define the exact length of the coast that would be mapped. He added that there was a focus on the northwest portion of the state.

Senator Olson announced the winner of the Iditarod as John Baker from Kotzebue. He pointed out that this was the first time that a member of his district won the Iditarod.

[10:03:37 AM](#)

RN #30608  
MH: Coordinated Transportation and Vehicles  
\$1,050,000

Ms. Baker mentioned the combination of general fund mental health funds at \$800,000 and mental health trust authority authorized receipts of \$250 thousand. The project continued the efforts of the coordinated transportation and vehicles services for beneficiaries of the trust.

[10:04:14 AM](#)

RN 6391  
Americans with Disabilities Act Compliance Projects  
\$500,000

Ms. Baker stated that the annual request provides funding to remove the physical barriers for persons with disabilities and state owned facilities as well as the design, project administration and construction of the necessary access.

[10:05:01 AM](#)

RN 32534  
Capital Improvement Program Equipment Replacement  
\$1,500,000

Ms. Baker informed that the annual request in CIP receipts funds the capital program equipment replacement.

[10:05:38 AM](#)

RN 50803  
Material Site Mining Plans  
\$200,000

Ms. Baker explained that the funding would cover the development of a booklet identifying various types of material sites across the region along with the site requirements.

[10:06:04 AM](#)

RN 50784  
Northern Region: Material Site Reconnaissance  
\$500,000

Ms. Baker explained that the project would provide for a site survey of approximately 18-25 material sites throughout the region.

[10:06:25 AM](#)

Co-Chair Stedman referred to items 50803 and 50784, and wondered why they were not combined. Ms. Baker replied that the two items could be combined, but DOT/PF considered them two separate types of requests. Co-Chair Stedman requested a better definition of RN 50784.

PAT KEMP, DEPUTY COMMISSIONER FOR HIGHWAYS, DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES, replied that the first project addresses geotechnical work, while the second includes surveying work. He stated that he was working with the Department of Natural Resources (DNR) on the surveying portion of the project. The projects are important as the state requires both the quantity and the quality of material to address the needs on the Dalton highway and any future pipeline projects.

Co-Chair Stedman clarified that the project allowed a firm inventory of the material sources available for large construction projects. Mr. Kemp affirmed.

Co-Chair Stedman wondered about an ongoing project in Sitka where it appears that rock is imported from British Columbia. He supposed that rock must be amply available in southeast Alaska. He was concerned that the situation might

exist in other areas of the state. Mr. Kemp replied that the rock was probably for paving aggregate or rut resistance rock. He stated that there were only a few sources in Alaska for the type of rock required. He remarked that Haines had sources of paving aggregate.

[10:09:59 AM](#)

Co-Chair Stedman stressed that a local materials source in Southeast Alaska should be accessed. Commissioner Luiken agreed, and replied that he would look into it further.

[10:11:42 AM](#)

Senator Thomas pointed out items 50803 and 50784, and reiterated that they could be combined from a geological survey perspective.

Senator McGuire asked if private land owners were asked to pay a portion of the survey costs. Mr. Kemp replied no.

Senator McGuire asked why the land owners were not asked to pay a portion of the surveying costs if the project is an attempt to resolve conflicts expressed by the private land owners. Mr. Kemp responded that the state is the defendant in the case requiring proof of right-of-way. He believed that the issue was mapping the sites. The project is dynamic and includes collaboration with DNR.

[10:14:47 AM](#)

RN 30628  
State Equipment Fleet Replacement  
\$18,322,600

Ms. Baker announced that the project pays for large equipment replacement such as snow blowers, graters, etc.

Co-Chair Hoffman asked about the justification listed in the committee backup. He stated that he had interviewed additional people throughout rural areas of the state who were experiencing technical problems with computers and other equipment. He noted delays as a result of time needed to acquire parts for the technical equipment. He concluded from his interviews that the rural areas of the state do not require the greatest technological advances.

10:17:05 AM

Ms. Baker responded that she would like to interview the project's equipment manager. She mentioned that some replacement costs are based on purchasing multiple items. She supposed that was the reason that the rural areas had the same type of technology as the urban areas.

Co-Chair Hoffman expressed frustration with the process. He believed that adjustments must be made to allow the rural areas to function at peak efficiency when necessary. Technical problems prevent the necessary efficiency. Savings do not justify inefficiency. Ms. Baker promised to look into the matter. Co-Chair Hoffman requested a report on the department's findings.

10:19:07 AM

Senator McGuire thanked the department for following through with this piece of the energy omnibus package. She encouraged continued tracking of the issue. She wished to resolve the rural issue.

RN 50872  
Whittier Tunnel: Jet Fan Repairs and Communication  
System Upgrade  
\$350,000

RN 6764  
Statewide Federal Programs  
\$144,550,000

Ms. Baker skipped to page 29.

RN 34752  
Commercial Vehicle Enforcement Program  
\$400,000

Ms. Baker noted the annual request that covers the grants available through the Federal Motor Carrier Safety Administration to provide safety inspections, educational programs, outreach, compliance, etc. The requested amount is less due to a balance remaining from prior years.

RN 31375  
Federal Contingency Projects  
17,000,000

Ms. Baker explained that the request included \$5 million in federal receipts and \$12 million in statutory designated program receipts. Cooperative reimbursable projects are for funding that arrives for work done for federal or other non-state agencies.

RN 31376  
Federal Contingency Projects  
\$20,000,000

Ms. Baker explained that the contingency pot is used in instances where a project is expected to contain additional requirements that will eventually produce federal dollars.

[10:21:53 AM](#)

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

Ms. Baker explained that the funds are available in the event that a disaster is declared to cover emergency repairs.

RN 6896  
Federal-Aid Aviation State Match  
\$11,900,000

Ms. Baker stated that the federal authority is listed by project allocation.

RN 32609  
Federal Aid Highway State Match  
\$47,200,000

Co-Chair Stedman asked about the \$5.6 million for federally ineligible highway project costs as stated on Page 39. Ms. Baker responded that the calculation begins on Page 38. The department demonstrated the calculation of the match amount. One piece of the match included 100 percent general fund payment toward a small piece of the project.

[10:24:04 AM](#)

Co-Chair Stedman asked the definition of a federally ineligible project cost. Mr. Kemp responded that work is

performed for a federal aid project is occasionally ineligible for federal aid reimbursement. He provided examples. The department thus requires a mechanism to fund the federally ineligible items on a specific project.

[10:25:07 AM](#)

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

Ms. Baker explained that the grants are utilized for transit vehicles for elderly and handicapped transportation.

RN 33485  
Highway Safety Grants Program  
\$8,000,000

Ms. Baker elaborated that the grants go out for public outreach and education.

RN 41923  
Other Federal Program Match  
\$1,050,000

Ms. Baker stated that the match is allocated for non-aviation, non-highways, motor carrier safety assistance program and the federal transit administration grants.

[10:26:02 AM](#)

Co-Chair Stedman asked about the difference between the requests for FY12 and FY13. Ms. Baker responded that the future match was aligned with the anticipated federal program dollars. Co-Chair Stedman requested a better answer.

RN 34018  
Statewide Safety Program  
\$20,000,000

Ms. Baker explained that the funds come in for various types of safety improvement projects. Past projects included advanced warning flashers, reflective pavement markers, etc.

[10:27:17 AM](#)

Ms. Baker stated that the total FY 12 request is \$340,980,000 as a combination of federal receipts, international airport funds and international airport construction funds.

RN 47816  
Alaska International Airport System: Reimbursable  
Services Authority  
\$4,000,000

Ms. Baker explained that the funding allows for contributions and reimbursement for work from tenants, private citizens and other agencies for capital construction projects related to the international airports.

RN 43233  
Angeon: Airport Environmental Impact Statement  
\$2,500,000

RN 47817  
Alaska International Airport System: System Master  
Plan  
\$400,000

Ms. Baker explained that \$25 thousand of international airport receipts and \$375 thousand in federal receipt authorization for the Anchorage International Airport system master plan.

[10:28:39 AM](#)

Co-Chair Hoffman requested information regarding use of last session's appropriation of \$17 million for the federal transit administration and the highway safety grants programs. Ms. Baker agreed to provide the requested information.

Senator Thomas asked about the current underutilized capacity in Fairbanks and Anchorage International Airports.

Commissioner Luiken replied that the goal is a strategic plan. He mentioned a recent organizational business study, resulting in one recommendation for a strategic plan for

the international airport system. A strategic business plan would be included to better address underutilization.

Senator Egan asked about the loss of China Airlines, its last passenger carrier, at Ted Stevens international airport. He imagined that the loss would lead to an underutilized terminal. He asked to know the department's plans and wondered if the study would address this need.

Commissioner Luiken agreed and stated that the international passenger traffic will continue out of Fairbanks and Anchorage via charters through Japan Airlines. He agreed that the goal of the study was to attract international passenger traffic.

[10:31:59 AM](#)

Senator Egan wondered about the empty terminal. Commissioner Luiken replied that the department is aware of the issue.

RN 51602  
Bethel: Airport Runway/Taxiway/Commercial Apron  
Pavement Rehabilitation  
\$13,700,000

RN 51604  
Bethel: Airport Snow Removal Equipment Building  
\$6,500,000

RN 51603  
Bethel: South General Aviation Apron and Taxiway  
Pavement Reconstruction  
\$5,000,000

RN 51609  
Birchwood: Airport Pavement Rehabilitation  
\$3,100,000

AMD 49164  
DELETE: Cold Bay: Airport Pavement Rehabilitation  
\$0

[10:33:22 AM](#)

Ms. Baker elaborated that the amendment removed the Cold Bay Airport pavement rehabilitation.

Co-Chair Hoffman asked why the item was removed. Mr. Luiken replied that the project was moved into the FY 11 supplemental request to capitalize on the 2011 construction season.

RN 48347  
Coldfoot: Airport Improvements  
\$10,500,000

Ms. Baker added that the project will resurface the operational surfaces and install new lighting.

[10:34:08 AM](#)

RN 51573  
Deadhorse: Airport Rehabilitation  
\$30,400,000

RN 51611  
Dillingham: Airport Improvement- Runway Safety Area  
\$26,500,000

RN 51627  
Fairbanks International Airport: Aircraft Rescue  
Firefighting Facility Upgrades  
\$16,700,000

RN 41527  
Fairbanks International Airport: Equipment  
\$920,000

RN 49633  
Golovin: Runway and Apron Improvements  
\$11,850,000

[10:35:27 AM](#)

RN 51574  
Gulkana: Apron and Taxiway Pavement Rehabilitation  
\$1,730,000

RN 51601  
Homer: Terminal Apron Taxiway Pavement Rehabilitation  
\$3,200,000

Co-Chair Stedman requested education for the Alaskan citizens viewing the hearing to better understand the ranking of the federal appropriations. He admitted that the committee was moving through the items quickly and he wanted to make the public aware of the vast amount of information in each item.

[10:36:23 AM](#)

Ms. Baker replied that these projects are all funded with federal receipts and the state match discussed earlier. The airport improvement plan goes through a process of applications and nominations from communities and other entities in addition to ranking and scoring.

Mr. Luiken added that the process was driven by several factors. He stated that FAA priorities were used to inform the airport project evaluation board. A scoring system was the next step, which led to the ranking and prioritizing the projects listed.

Co-Chair Stedman stated that the Senate Finance Committee does not get involved in the process of ranking. The ranking is provided by the department.

[10:38:06 AM](#)

Ms. Baker continued to present the capital budget request items.

RN 49130  
Kotzebue: Airport and Runway Safety Area Improvements  
\$9,500,000

RN 49025  
Kotzebue: Apron Expansion  
\$480,000

AMD 51605  
Kwigillingok: Airport Rehabilitation  
\$1,500,000

RN 39138  
Manley: Airport Relocation  
\$1,625,000

RN 51608

Nanwalek/Port Graham: Airport Master Plan  
\$3,500,000

RN 51626  
Platinum: Airport Extension  
\$3,500,000

10:39:24 AM

RN 51575  
Point Hope: Airport Rehabilitation  
\$6,715,000

RN 49102  
Sitka: Rocky Gutierrez Airport Runway 11/29 overlay  
\$500,000

Co-Chair Stedman requested clarification on the item. Ms. Baker responded that the runway was 11/29 overlay in Sitka. Co-Chair Stedman asked if the location was the seaplane haul out. Ms. Baker responded yes. Co-Chair Stedman requested further information. Ms. Baker responded that additional federal authorities used the project scope to accommodate the relocation of the seaplane haul out ramp to the east side of the runway. Co-Chair Stedman asked if the purpose was to get the float planes on to the airport runway. Commissioner Luiken responded correct.

10:40:52 AM

RN 36247  
Statewide: Aviation Preconstruction  
\$18,000,000

Co-Chair Stedman requested further elaboration of the \$18 million. Ms. Baker responded that the preconstruction allocation of \$18 million in federal receipt authority funds the actual preconstruction efforts of the aviation needs to ensure that projects are prepared and ready to be used for construction. Co-Chair Stedman stated that the item appears as an ongoing \$18 million federal receipt authority. Ms. Baker affirmed.

RN 36241  
Statewide: Aviation Systems Plan Update  
\$2,500,000

RN 49340  
Statewide: Various Airports Aeronautical Surveys  
\$2,000,000

[10:42:11 AM](#)

Co-Chair Stedman asked about the survey. Commissioner Luiken replied that the survey of the airport is an Federal Aviation Administration (FAA) requirement.

[10:43:15 AM](#)

RN 36245  
Statewide: Various Airports Minor Surface Improvements  
\$10,000,000

RN 38582  
Statewide: Various Airports Snow Removal and Safety  
Equipment  
\$10,000,000

AMD 34727  
DELETE: Talkeetna: Airport Improvement  
\$0

Ms. Baker informed that the item was moved from the capital budget to the FY 11 supplemental request to capitalize on the 2011 construction season.

Co-Chair Stedman informed that the supplemental budget was a work in progress.

[10:44:20 AM](#)

AMD 51606  
DELETE: Talkeetna: Airport Pavement Rehabilitation  
\$0

Ms. Baker informed that the funding for item 51606 was in the supplemental bill.

RN 41525  
Ted Stevens Anchorage International Airport: Advanced  
Project Design and Planning  
\$3,000,000

AMD 47810

DELETE: Ted Stevens Anchorage International Airport:  
AIAS Contingency Funds  
\$0

Ms. Baker informed that funding from a municipal bond fund would cover the cost of item 47810.

AMD 40299  
Ted Stevens Anchorage International Airport: Annual  
Improvements  
\$1,000,000

RN 40299  
Ted Stevens Anchorage International Airport: Annual  
Improvements  
\$4,000,000

RN 51621  
Ted Stevens Anchorage International Airport: Bag  
Sorting Scanner Replacement  
\$1,700,000

Ms. Baker elaborated that the item was funded primarily with federal receipts along with \$106.3 thousand in international airport receipts.

RN 51622  
Ted Stevens Anchorage International Airport: Concourse  
C Carpet Replacement  
\$400,000

AMD 51616  
Ted Stevens Anchorage International Airport: E21 Gate/  
Sallyport  
\$1,024,000

Ms. Baker informed that the funding was a combination of federal receipts and international airport construction funds. This item funds the design and construction of the four car controlled gates.

[10:46:28 AM](#)

Co-Chair Stedman suggested that the items addressing the Anchorage airport be combined and addressed at a later date if committee member questions arise.

Senator Olson asked about the project evaluation board discussed by the commissioner. He asked to know the members of the board. Commissioner Luiken responded that the evaluation board is made up of employees of DOT/PF including the three regional directors, the deputy commissioner of transportation for aviation.

Senator Olson asked if all board members are within the department. Commissioner Luiken replied yes. He asked if the board is assembled via statute or regulation. Commissioner Luiken responded that he would respond to the question at a later date.

[10:48:18 AM](#)

Senator McGuire stressed the goal of ensuring that the airport is competitive in the global market. She agreed with Senator Olson regarding brainstorming of the solutions with input from entities outside of the DOT/PF. She encouraged growth potential.

Commissioner Luiken stated that the Alaska Airline Advisory Council is made up of member airlines that participate at both airports and meet quarterly. If a project is covered through international airport receipts, the airlines pay for the receipts through the rates and fees that they pay at both airports. He explained that these entities provide the public input necessary to address the airport project evaluation board's needs.

[10:51:04 AM](#)

Senator Olson asked if the Air Carrier Advisory Board had veto power. He expressed concern regarding funding for the domestic terminal.

Co-Chair Stedman moved to Page 124.

[10:52:19 AM](#)

RN 51610  
Unalaska: Runway Safety Area and Pavement  
Rehabilitation  
\$25,700,000

RN 36254  
Whittier: Airport Master Plan

\$125,000

10:52:50 AM

Ms. Baker continued with the Surface Transportation Program. She informed that projects arrive through an application and nomination process. She invited Mr. Kemp to speak on the program's items.

Mr. Kemp noted that the Surface Transportation Program undergoes a ranking process dictated by regulation. The Community Transportation Program, Alaska Highway Program and the Track Program undergo a similar process.

Co-Chair Stedman requested a definition of STIP. Mr. Kemp replied that STIP is the acronym for the Statewide Transportation Improvement Plan.

Ms. Baker addressed items in the Surface Transportation Program.

AMD 51863  
Alaska Disparity Study  
\$650,000

Ms. Baker elaborated that the study will perform an updated evaluation on the availability, utilization, and disparity of minority and women owned business.

RN 40380  
Alaska Marine Highway System: Ferry Vessel  
Refurbishment  
\$15,000,000

Ms. Baker stated that the general fund match portion exists in a different appropriation. She noted that the item was an annual request.

Co-Chair Stedman asked why the funding request is different for FY 12. Ms. Baker offered to follow up with an answer.

10:56:22 AM

RN 38577  
Alaska Marine Highway System: Fleet Condition Survey  
Update  
\$200,000

AMD 51835  
Alaska Marine Highway System: Pelican Ferry Terminal  
Renovation  
\$3,000,000

AMD 51833  
American Association of State Highway and  
Transportation FY2012 Request: Officials Technical  
Programs Support  
\$100,000

AMD 51864  
Americans with Disabilities Act: Transition Plan for  
Rights of Way  
\$500,000

RN 39100  
Anchorage Metropolitan Area Transportation Solutions  
(AMATS): Air Quality Public and Business Awareness  
Education Campaign  
\$300,000

10:57:30 AM

RN 49117  
AMATS: Arterial Roadway Dust Control  
\$200,000

RN 51557  
AMATS: Dowling Road Extension West Reconstruction  
\$22,000,000

RN 51556  
AMATS: O'Malley Road Reconstruction  
\$400,000

RN 40396  
AMATS: ridesharing and Transit Marketing  
\$720,000

10:58:30 AM

RN 40363  
Bethel: Tundra Ridge Road Improvements  
\$1,200,000

AMD 43313  
Congestion Mitigation and Air Quality (CMAQ): PM 2.5  
reductions  
\$6,500,000

RN 40323  
Dalton Highway: Milepost 9 to 11 Reconstruction - 9  
Mile Hill  
\$3,000,000

RN 51836  
Dalton Highway: Milepost 11 to 18 Reconstruction  
\$25,000,000

RN 47690  
Dalton Highway: Milepost 197 to 209  
\$10,000,000

AMD 51553  
Dalton Highway: Milepost 267 Holden Creek Bridge  
Repair or Replacement  
\$5,000,000

RN 51553  
Dalton Highway: Milepost 267 Holden Creek Bridge  
Repair or Replacement  
\$2,200,000

[11:00:08 AM](#)

RN 51866  
Fairbanks: Air Quality Planning Project  
\$200,000

RN 51559  
Fairbanks Metropolitan Area Transportation System  
(FMATS): Coordinator's Office  
\$330,000

RN 51558  
FMATS: Gold Hill Road Bicycle and Pedestrian Facility  
\$1,100,000

RN 51572  
FMATS: North Pole Bike Path Rehabilitation and  
Connections  
\$455,000

RN 48369  
FMATS: Sign Replacement  
\$1,365,000

SB 46 was HEARD and HELD in Committee for further consideration.

[11:01:32 AM](#)

#  
ADJOURNMENT

The meeting was adjourned at 11:02 AM.