

SENATE FINANCE COMMITTEE
March 15, 2011
3:06 p.m.

3:06:38 PM

CALL TO ORDER

Senator Stedman called the Senate Finance Committee meeting to order at 3:06 p.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

Marc Luiken, Commissioner, Department of Transportation and Public Facilities; Pat Kemp, Deputy Commissioner, Department of Transportation and Public Facilities; Laura Baker, Director, Administrative Services, Department of Transportation and Public Facilities; Jean Davis, Director, Support Services Division, Department of Natural Resources; Dan Fauske, CEO/Executive Director, Alaska Housing Finance Corporation; Ray Utter, Budget Manager, Alaska Housing Finance Corporation; John Anderson, Weatherization Project Officer, Alaska Housing Finance Corporation; Stacy Schubert, Director, Governmental Relations and Public Affairs, Alaska Housing Finance Corporation; Sara Fisher-Goad, Executive Director, Alaska Energy Authority; Ed Fogles, Deputy Director, Department of Natural Resources; Joe Dubler, Director, Finance Department, Alaska Housing Finance Corporation, Department of Revenue;

PRESENT VIA TELECONFERENCE

SUMMARY

SB 46-BUDGET: CAPITAL

#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."

Co-Chair Stedman discussed housekeeping.

Department of Transportation and Public Works (DOT&PW)

LAURA BAKER, DIRECTOR, ADMINISTRATIVE SERVICES, DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES, spoke to an earlier question posed by Senator Hoffman concerning the Newtok Evacuation Shelter and Access Road. She informed the committee that a project request had been made under the Department of Commerce, Community, and Economic Development for \$2.5 million, and was not listed in the DOT budget requests. She proceeded to discuss the DOT project listings.

RN 49136

Fairbanks: Potter Road Surfacing

\$250,000

Brief Summary and Statement of Need:

Pave Potter Road from Rosie Creek Road to Cripple Creek Road to reduce risk of injury due to seriously degraded gravel surface. This project contributes to the Department's Mission by reducing injuries, fatalities and property damage and by improving the mobility of people and goods.

Ms. Baker explained that the request would fund road resurfacing on Potter Road in Fairbanks.

AMD RN 49093

DELETE: Fairbanks South Cushman - Mitchell Expressway to Sanduri Street - to be moved to the supplemental

Brief Summary and Statement of Need:

This project is being moved to the FY11 Supplemental request to take full advantage of the entire summer 2011

construction season. Resurface South Cushman Street from the Mitchell Expressway to Sanduri Street. This project contributes to the Department's Mission by reducing injuries, fatalities and property damage and by improving the mobility of people and goods.

Ms. Baker elucidated that the amendment would move the South Cushman - Mitchell Expressway to Sanduri Street project request in to the FY2011 supplemental budget.

Co-Chair Stedman requested further clarification. Ms. Baker replied that the budget amendment removed the South Cushman - Mitchell Expressway to Sanduri Street project from the capital budget to the FY2011 supplemental budget. Co-Chair Stedman reminded the committee that it had yet to be determined which capital projects would be moved to the supplemental.

Ms. Baker continued to list the project requests.

AMD RN 42995

Galena - Champion Road Erosion Protection
\$9,000,000

Brief Summary and Statement of Need:

This is a new capital request because of a STIP amendment that occurred after the December 15 release of the Governor's FY2012 budget. This project aims to relocate a portion of Champion Road to avoid erosion of approximately two miles of road that is threatened by the Yukon River. This project contributes to the Department's Mission by reducing injuries, fatalities and property damage and by improving the mobility of people and goods.

AMD RN 43227

Gamble: Evacuation Road Repairs and Extension
\$11,000,000

Brief Summary and Statement of Need:

This is a new capital request because of a STIP amendment that occurred after the December 15 release of the Governor's FY2012 budget. The project Gambell Evacuation road project will improve 2.5 miles of the existing evacuation route, construct a new route to Akeftapak and Tevleghak Bays, approximately 3.5 miles, and construct access to the community cemetery, approximately .8 miles. This project contributes to the Department's Mission by

reducing injuries, fatalities and property damage and by improving the mobility of people and goods.

AMD RN 41539

Geographic information System (GIS) Development (IWAYS)
\$1,000,000

Brief Summary and Statement of Need:

This amendment adds \$450,000 federal funds for a new total of \$1,000,000 due to project cost estimate increases. This project aims to develop the Highway Analysis System - Geographic Information System (HAS-GIS) concept of operations, systems architecture, and long-term systems deployment. Project work includes road centerline/inventory data collection and processing, business process development (data quality, linear reference system, highway data warehouse, HAS-GIS Interface), a spatial geodatabase, GIS software, network systems, GIS tools, a highway data warehouse, training, and technical support.

RN 49146

Glenn and Parks Highways Corridor ITS Project
\$1,500,000

Brief Summary and Statement of Need:

Develop and implement Intelligent Transportation Systems (ITS) for the Glenn Highway and Parks Highway commuter route between Anchorage and the Matanuska-Susitna Valley. This project contributes to the Department's Mission by reducing injuries, fatalities and property damage and by improving the mobility of people and goods.

AMD RN 47838

Glen Highway: Milepost 172 to 189 Rehabilitation
\$3,500,000

Brief Summary and Statement of Need:

This amendment adds \$6.5M federal authority for a new federal request of \$10 million. Original request: This is a new capital request resulting from a STIP amendment that occurred after the December 15 release of the Governor's FY2012 budget. This project aims to rehabilitate the existing roadway from Glenn Highway MP 172 to the Richardson Highway junction (MP 189), replace Tolsona Creek Bridge (#552), and construct a bicycle/pedestrian path from Moose Creek east, with an extension to the school.

RN 51544

Hatcher Pass: Scenic Overlook and Trailhead Construction
\$1,000,000

Brief Summary and Statement of Need:

Construct scenic overlooks, rest stops, and trailheads along the Hatcher Pass road corridor. Most of the sites will be paved viewing areas with covered kiosks and interpretive panels. Sanitary facilities will be installed. This project contributes to the Department's Mission by reducing injuries, fatalities and property damage and by improving the mobility of people and goods.

RN 45523

Homer: East End Road Rehabilitation - Milepost 3.7 to 12.2
\$3,500,000

Brief Summary and Statement of Need:

Provide for rehabilitation and safety improvements on East End Road from the intersection with Kachemak Drive (MP 3.7) to Waterman Street (MP 5.5). The work will include shoulder widening, realignments, slope flattening, and other safety improvements. This project contributes to the Department's Mission by reducing injuries, fatalities and property damage and by improving the mobility of people and goods.

[3:12:03 PM](#)

Ms. Baker continued with the project listings.

AMD RN 49180

Intelligent Transportation Systems Border Infrastructure
\$1,250,000

Brief Summary and Statement of Need:

This is a new capital request because of a STIP amendment that occurred after the December 15 release of the Governor's FY2012 budget. This project aims to develop and deploy ITS systems within 100 miles of the US/Canada border on the Haines, Klondike, Taylor and Alaska Highways. Technologies may include but are not limited to: dynamic message boards, temperature data probes, weather cameras and sensors, weigh-in-motion and traffic counters. Upgrade communications along the corridor as necessary to support ITS applications. This will integrate with the new generation 511 road weather information system.

Co-Chair Stedman asked for further details of the request. Ms. Baker responded that the project pertained to the United States and Canadian border area.

Co-Chair Hoffman asked when the project had first appeared on the Statewide Transportation Improvement Plan (STIP). Ms. Baker said that the department would get back to the committee with the information. She divulged that the amendment had been processed after December 15, 2010.

Co-Chair Stedman questioned the time delays and numeric increases in project costs after the December 15, 2010 budget deadline. Ms. Baker replied that some of the changes were the result of projects that had either been in the STIP and were in the original FY2012 budget, or had been on prior STIP lists. The delay of some projects could be attributed to environmental work. She added that in some instances, projects had come in at lower cost than expected, and in an effort to ensure that the federal receipts did not go to other states more projects were added from the STIP to the capital budget. Co-Chair Stedman wondered the Sitka Halibut Point Project would be added as an additional STIP project to the capital budget.

PAT KEMP, DEPUTY COMMISSIONER, DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES, replied that the department would get back to the committee on the issue of Halibut Point.

Ms. Baker continued with the next request.

AMD RN 51537

Juneau: Fritz Cove Road Rehabilitation and Repair
\$4,000,000

[3:15:39 PM](#)

Ms. Baker continued to Page 151-1.

AMD RN 51535

Juneau: Glacier Highway - Widen and Resurface Eagle Beach to Bessie Creek
\$11,300,000

Brief Summary and Statement of Need:

This is a new capital request because of a STIP amendment that occurred after the December 15 release of the Governor's FY2012 budget. This project aims to widen,

straighten and resurface Glacier Highway from the north Eagle Beach kayak launch site to Bessie Creek to improve safety and provide shoulders. Project includes spot sub-base improvements and drainage improvements as needed. This project contributes to the Department's Mission by reducing injuries, fatalities and property damage and by improving the mobility of people and goods.

Co-Chair Stedman noted that the project was new. Mr. Kemp agreed. Co-Chair Hoffman queried when the project had first appeared in the STIP. Mr. Kemp clarified that the project had been in the STIP for over five years.

Ms. Baker continued to list the department's capital budget requests for FY2012.

RN 51540

Juneau: Auke Lake Trail and Wayside
\$1,200,000

Brief Summary and Statement of Need:

Construct a wayside with picnic shelter, restrooms and interpretive amenities. Construct trailhead parking. This project contributes to the Department's Mission by reducing injuries, fatalities and property damage and by improving the mobility of people and goods.

RN 47845

Juneau: Brotherhood Bridge and Industrial Boulevard
\$17,500,000

Brief Summary and Statement of Need:

Replace Brotherhood Bridge. Reconstruct approach roadway as required to tie into new bridge alignment and lane configuration, including intersection improvements with Industrial Blvd. Construct new, multi-use pathway from Brotherhood Bridge to UAS. This project contributes to the Department's Mission by reducing injuries, fatalities and property damage and by improving the mobility of people and goods.

RN 51562

Juneau: Mendenhall Valley Street Dust Control
\$2,000,000

Brief Summary and Statement of Need:

Pave select streets in the PM 10 maintenance area. Paving may include various streets, including Blueberry Lane, Gene Street, Goat Hill Road, Powers Street, Spring Way, Sasha Avenue, and Tongass Avenue. The Diamond Park parking lot may also be paved. Purchase a street sweeper to clean valley streets of sand and dirt to control airborne dust particulate matter in the PM 10 maintenance area. This project contributes to the Department's Mission by reducing injuries, fatalities and property damage and by improving the mobility of people and goods.

RN 51533

Ketchikan: South Tongass Highway Widening - Saxman to Surf Street
\$1,000,000

Brief Summary and Statement of Need:

Reconstruct South Tongass Highway from Saxman to Surf Street. Construct a recreational path through this segment on the water side. Construct guardrail and drainage improvements as needed. This project contributes to the Department's Mission by reducing injuries, fatalities and property damage and by improving the mobility of people and goods

AMD RN 49137

Livengood - Livengood Creek Bridge Replacement
\$1.4 million

Brief Summary and Statement of Need:

This is a new capital request because of a STIP amendment that occurred after the December 15 release of the Governor's FY2012 budget. This project will raise the grade and replace the Livengood Creek Bridge with a culvert. This project contributes to the Department's Mission by reducing injuries, fatalities and property damage and by improving the mobility of people and goods.

RN 40358

New Seward Highway: Rabbit Creek to 36th Avenue
\$2,000,000

Brief Summary and Statement of Need:

Design and construct improvements in the Seward Highway corridor between Rabbit Creek Road and 36th Avenue. Improvements may include, but are not limited to: widening from four to six lanes; modifying existing interchanges;

constructing a grade separation at 36th Avenue; extending western frontage road between Diamond Boulevard and O'Malley Road; constructing overcrossings at 68th, 76th and 92nd Avenues; and pedestrian and bike facilities. This project contributes to the Department's Mission by reducing injuries, fatalities and property damage and by improving the mobility of people and goods.

RN 51542

Ninilchik: Village Bridge Replacement
\$2,200,000

Brief Summary and Statement of Need:

Replace the Ninilchik River Bridge (Bridge No. 0427) leading to Ninilchik Village with a two lane bridge. Reconstruct the approaches to the bridge. This project contributes to the Department's Mission by reducing injuries, fatalities and property damage and by improving the mobility of people and goods.

RN 49135

Nome: Nome-Council Road - Milepost 4 to 16
\$4,500,000

Brief Summary and Statement of Need:

Repair, resurface and raise the grade between MP 4-16. Project will include slope flattening at MP 10 and MP 12, realignments at MP 6 and MP 8, grade raise between MP 15-16, and other snow control features. This project contributes to the Department's Mission by reducing injuries, fatalities and property damage and by improving the mobility of people and goods.

RN 41700

Northern Region: National Highway System and Non-National Highway System Pavement and Bridge Refurbishment
\$32,000,000

Brief Summary and Statement of Need:

Project includes crack sealing, surface treatment drainage, signage, guardrail, illumination and other refurbishments to prolong the life of road pavement and bridges and their safety related structures. This project contributes to the Department's Mission by reducing injuries, fatalities and property damage and by improving the mobility of people and goods.

RN 51552

Nulato: Airport Road Improvements
\$4,500,000

Brief Summary and Statement of Need:

Raise the grade, replace the Mukluk Creek Bridge #1382, and resurface the lower portion of the airport access road (approximately 1,500 feet). This project contributes to the Department's Mission by reducing injuries, fatalities and property damage and by improving the mobility of people and goods.

RN 49178

Parks Highway: Milepost 239 to 263 Reconstruction - Nenana Canyon to Bear Creek
\$27,000,000

Brief Summary and Statement of Need:

Rehabilitate, resurface, and construct passing lanes on the Parks Highway between MP 239 - 263. This project contributes to the Department's Mission by reducing injuries, fatalities and property damage and by improving the mobility of people and goods.

AMD RN 51536

Prince of Wales Island: Klawock to Hollis Pavement Rehabilitation and Culvert Replacement
\$20,000,000

Brief Summary and Statement of Need:

This is a new capital request because of a STIP amendment that occurred after the December 15 release of the Governor's FY2012 budget. This project aims to resurface highway pavement between Klawock and the Hollis Ferry Terminal, including paving the parking and staging areas of the ferry and seaplane terminal. Reconstruct sections of failing sub-base where large settlements are occurring. Replace deteriorated culverts along the length of the Klawock Hollis Highway and mitigate perched pipe culverts for a number of anadromous fish streams. Also, recondition ditch, replace signs, and improve guard rail.

AMD RN 51834

Revise Alaska Traffic, Environmental, and Right-of-Way Manuals and Standard Specifications
\$500,000

Brief Summary and Statement of Need:

This is a new capital request because of a STIP amendment that occurred after the December 15 release of the Governor's FY2012 budget.

AMD RN 51555

Richardson Highway: Milepost 201 Phelan Creek Bridge Replacement
\$6,000,000

Brief Summary and Statement of Need:

This amendment to the Governor's FY12 capital budget adds \$3,500,000 federal funds for a new requested total of \$6,000,000 due to project cost estimate increases. This project will replace the Phelan Creek Bridge #0579 at MP 201 of the Richardson Hwy. The annual bridge inspection concluded the bridge has a low sufficiency rating and is in need of replacement.

Co-Chair Hoffman opined that the public had voted on building a bridge at Aleknagik over four years ago, and that the project had yet to begin. He noted that students crossing the water to get to school were doing so in 16 foot Lund boats, and he stressed that the building of the bridge was necessary to maintain safe crossing for the students. He wondered why the department would pursue funding to build more, or other, bridges when bridge projects that had already received funding had yet to be completed. Mrs. Baker responded that the department was requesting federal authorization for the FY2012 capital projects and that the projects were already in a STIP plan. She said that the federal dollars that the department received were limited, and that there were more projects in the capital budget with federal authorization, than the department had surface transportation funding for to complete projects within one year. Co-Chair Hoffman countered that there were no federal requirements pertaining to the project because the bridge was to be built with general funds as voted on by the public. Mr. Kemp said that the project would be advertised in the summer of 2011, and that the project had been delayed due to a native allotment right-of-way issue. He believed that the department had requested help from Senator Hoffman's office in working out an agreement. Co-Chair Hoffman projects put forth by the administration were taking precedent over voter approved, legislature generated projects. Ms. Baker assured the committee that the

department was working to address the concerns raised by the senator from Bethel.

[3:24:11 PM](#)

Senator Olson reiterated that from a health and safety standpoint there was no reason to delay the Aleknagik project. Mr. Kemp clarified that right-of-way clearance would be necessary before the project could be constructed.

Ms. Baker continued to list the FY2012 capital requests.

RN 40330

Richardson Highway: Milepost 357 - Fairbanks New Weigh Station
\$3,000,000

Brief Summary and Statement of Need:

Construct north and southbound weigh stations near the Fort Wainwright Three-Mile Gate, between Fairbanks and North Pole. The weigh stations are needed by the Alaska Division of Measurement Standards and Commercial Vehicle Enforcement to enforce commercial vehicle regulations and to protect public safety. This project contributes to the Department's Mission by reducing injuries, fatalities and property damage and by improving the mobility of people and goods.

RN 41384

Safe Routes to Schools
\$1,000,000

Brief Summary and Statement of Need:

On-going federally funded program used to fund school educational programs to promote safety and encourage students walking or bicycling to school, and to identify construction projects that will facilitate pedestrian or bicycle traffic from neighborhoods to schools. Provide outreach and education about safe pedestrian and bicycle travel near schools. Implement construction projects identified in the planning process. This project contributes to the Department's Mission by reducing injuries, fatalities and property damage.

RN 43315

Seward Highway: Anchorage to Portage Glacier Road ITS Project
\$750,000

Brief Summary and Statement of Need:

This is an amendment request to the Governor's FY2012 budget to change the title of this project to read Seward Highway: Anchorage to Portage Glacier Road ITS Project. The original request was the result of a STIP amendment that occurred after the December 15 release of the Governor's FY2012 budget. Develop and implement Intelligent Transportation Systems (ITS) for the Seward Highway commuter route between Anchorage and Portage Glacier Road.
RN 45625

Seward Highway: Milepost 104 to 115 Passing Lanes - Indian to Potter
\$15,000,000

Brief Summary and Statement of Need:

Construct passing lanes and a trail between Indian and Potter Marsh to address high traffic accident rates in the corridor. Includes Windy Corner project to expand and improve the existing pullout and add pedestrian/wildlife viewing, interpretation and landscaping. This project contributes to the Department's Mission by reducing injuries, fatalities and property damage and by improving the mobility of people and goods.

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AMD RN 49150

Sitka - Halibut Point Road Resurfacing, Drainage Improvements
\$4,000,000

Brief Summary and Statement of Need:

This is a new capital request because of a STIP amendment that occurred after the December 15 release of the Governor's FY2012 budget. This project aims to conduct pavement rehabilitation from Sawmill Creek Road to the end of the pavement just beyond the ferry terminal. Two bridges (#0327 and #0328) will be replaced. Culverts and storm drain will be replaced as required.

Ms. Baker informed the committee that the project was a new listing.

Co-Chair Stedman queried the details of the project. Ms. Baker replied that the project would reclaim and replace the pavement along Halibut Point Road. Co-Chair Stedman queried and additional \$16 million rumored to be needed to

fund the project. Mr. Kemp believed that the project would be adequately funded by the \$4,000,000 request. Co-Chair Stedman elaborated that the budget already contained some funding for Halibut Point Road, but that issues concerning the cost of the project had arisen. He hoped the department could clarify the actual cost of the project.

Ms. Baker continued to list the FY2012 capital requests.

RN 41701

Southeast Region: National Highway System and Non-National Highway System Pavement and Bridge Refurbishment
\$5,000,000

Brief Summary and Statement of Need:

Crack sealing, surface treatment drainage, signage, guardrail, illumination and other refurbishments to prolong the life of road pavement and bridges and their safety related structures. This project contributes to the Department's Mission by reducing injuries, fatalities and property damage and by improving the mobility of people and goods.

AMD RN 51865

Statewide: Air Quality Mobile Source Modeling
\$1,200,000

Brief Summary and Statement of Need:

This is a new capital request because of a STIP amendment that occurred after the December 15 release of the Governor's FY2012 budget. This project will develop a statewide framework for Motor Vehicle Emissions Simulator (MOVES) modeling in Alaska that ensures consistent development, application, and approval of modeling workflows (e.g., input data collection and processing, model setup and execution requirements, post-processing of outputs, etc.) in all regional mobile source inventory applications envisioned within the state.

RN 49147

Statewide: Bicycle/Pedestrian Facilities Rehabilitation and Improvements
\$500,000

Brief Summary and Statement of Need:

Provide funding for preventative maintenance and rehabilitation activities that cost-effectively extend the

useful life of pedestrian walkways and bikeways. Improvements will address safety hazards and correct deficiencies. This project contributes to the Department's Mission by reducing injuries, fatalities and property damage and by improving the mobility of people and goods.

Co-Chair Stedman requested further description of the project. Ms. Baker explained that the project would improve walkways and bike paths damaged by Alaska weather and vegetation.

RN 36185
Statewide: Civil Rights Program
\$200,000

Brief Summary and Statement of Need:

Ensure department compliance with FHWA grant assurances with Title VI of the Civil Rights Act of 1964. This is implemented through: reviews of agency policies, procedures and practices; the federally mandated Disadvantaged Business Enterprise (DBE) Program; the federally mandated Alaska Unified Certification Program (AUCP); the DBE Support Services Program; the On the Job Training (OJT) Program; the federally mandated Contractor Compliance/External Equal Employment Opportunity Review (ExEEO) Program; and federally mandated compliance with the Rehabilitation Act of 1973, Section 504/American with Disabilities Act (ADA) compliance program.

RN 40312
Statewide: Comprehensive Highway Safety Plan
\$400,000

Brief Summary and Statement of Need:

Create a Strategic Highway Safety Plan that complies with Section 1401 of the Safe Accountable Flexible Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU). This project contributes to the Department's Mission by reducing injuries, fatalities and property damage and by improving the mobility of people and goods.

RN 36196
Statewide: Highway Data Equipment Acquisition and Installation
\$1,500,000

Brief Summary and Statement of Need:

Purchase of equipment, software and installation of traffic detection devices (inductance loops and piezoelectric sensors) and to implement requirements of the State Traffic Monitoring System for Highway. This project contributes to the Department's Mission by reducing injuries, fatalities and property damage and by improving the mobility of people and goods.

RN 36446

Statewide: Highway Fuel Tax Enforcement
\$100,000

Brief Summary and Statement of Need:

A continuing program to enforce the collection of motor fuel taxes in compliance with federal law. This project contributes to the Department's Mission by reducing injuries, fatalities and property damage and by improving the mobility of people and goods.

Co-Chair Hoffman asked how the fuel tax would be enforced throughout the state. Mr. Kemp replied that tax returns would be audited. Co-Chair Hoffman wondered how the department would determine who would be audited; the distributors, the gas stations, and how would it be determined that businesses were accurately reflecting their returns. Mr. Kemp replied that the gas stations would be audited. He was not clear on how they were selected. He offered to provide the information to the committee at a later date.

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Ms. Baker continued to list the department's capital requests.

RN 36817

Statewide: National Highway Institute and Transit Institute Training
\$750,000

Brief Summary and Statement of Need:

Technical training in engineering, planning, and administration related to federal highway and transit programs and funding. This project contributes to the Department's Mission by reducing injuries, fatalities and property damage and by improving the mobility of people and goods.

RN 36189
Statewide: Planning Work Program
\$8,000,000

Brief Summary and Statement of Need:

State Transportation Improvement Program, State Transportation Plan, and area/regional plans preparation, data collection, and management systems as included in the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU). This project contributes to the Department's Mission by reducing injuries, fatalities and property damage, by improving the mobility of people and goods and by increasing private investment.

Ms. Baker explained that this was an annual request that allowed department staff to plan for upcoming projects that were eligible for federal reimbursement.

RN 36191
Statewide: Research Program
\$1,700,000

Brief Summary and Statement of Need:

Special studies are selected by the Statewide Research Board for funding through this federal highway program. For example, the board may fund a study about reduction in roadway surface wear caused by studded snow tires. This project contributes to the Department's Mission by reducing injuries, fatalities and property damage, by improving the mobility of people and goods and by increasing private investment.

Ms. Baker elaborated that the annual request allowed the DOT research board to conduct special studies concerning transportation issues.

RN 36450
Statewide: Scenic Byways Grants
\$750,000

Brief Summary and Statement of Need:

This program identifies and designates segments of the road corridors that are outstanding for their scenic, recreational, historic, cultural, natural and/or archaeological qualities. Projects are then developed to display these qualities. This project contributes to the Department's Mission by increasing private investment.

Ms. Baker said that the grants were given to communities to promote tourism and economic development.

RN 36188

Statewide: Seismic Retrofit - Bridges
\$2,000,000

Brief Summary and Statement of Need:

Structural enhancements to bridges that are determined to be seismically vulnerable in earthquake zones. This project contributes to the Department's Mission by reducing injuries, fatalities and property damage and by improving the mobility of people and goods.

RN 36192

Statewide: Urban Planning Program
\$1,500,000

Brief Summary and Statement of Need:

Federal highway program funding for local government planning and special studies. Preparation of the Anchorage and Fairbanks Transportation Improvement Programs (AMATS-TIP and FMATS-TIP) and Long Range Transportation Plans are required elements of this program. This project contributes to the Department's Mission by reducing injuries, fatalities and property damage, by improving the mobility of people and goods and by increasing private investment.

Ms. Baker stated that the annual request would fund work with the Metropolitan Planning Organization, the Anchorage Metropolitan Area Transportation Solutions (AMATS) and the Fairbanks Metropolitan Area Transportation Study (FMATS), and to enable local governments to meet federal planning requirements.

RN 40311

Statewide: Weigh-in-Motion Equipment
\$2,000,000

Brief Summary and Statement of Need:

The project includes purchase and installation of Weigh-in-Motion (WIM) systems. This project includes WIM data retrieval, archiving and processing software and web access and database development. Currently there are nine operational WIM sites (see WIM Table 1 on the next page), all located on the National Highway System. The WIM sites provide near real time secondary weight enforcement data

and vehicle volume/classification, speed and truck weights data for planning. This project contributes to the Department's Mission by reducing injuries, fatalities and property damage and by improving the mobility of people and goods.

Ms. Baker stated that the funds would allow the trucking industry to be weighed by the passing of an electronic card, rather than stopping at each weigh station.

RN 36366
Surface Transportation Preconstruction
\$45,000,000

Brief Summary and Statement of Need:

The request funds preliminary engineering costs and Right-of-Way and utility costs that are less than \$750,000 per project. This project contributes to the Department's Mission by reducing injuries, fatalities and property damage, by improving the mobility of people and goods and by increasing private investment.

Ms. Baker shared that the funding would provide for the preconstruction of department projects.

RN 51551
Top of the World Highway: Milepost 0 to 13 - Rehabilitation
\$1,500,000

Brief Summary and Statement of Need:

This amendment increases the FY2012 request by \$10.7 million for a new total of \$12.2 million to include the construction phase. This project is being included in the FY2012 amended request due to changes in the scheduled obligation of federal funds to other DOT&PF projects that occurred after the release of the budget on December 15, 2010. This project will rehabilitate, restore, and resurface the Top of the World Highway between MP 0-13, including minor realignment.

RN 38304
Whittier: Maintenance and Operations
\$2,200,000

Brief Summary and Statement of Need:

Provide federal-aid funds for the eligible portion of costs to operate and maintain the Whittier Tunnel Facility. The

project will provide funding on an annual basis for the duration of the VMS, Inc. Operations Contract, 2009 to 2014. This project contributes to the Department's Mission by reducing injuries, fatalities and property damage and by improving the mobility of people and goods.

RN 51320
Deferred Maintenance
\$27,100,000

Brief Summary and Statement of Need:

Funding is requested to address deferred maintenance needs in the following categories: Aviation, Harbors, Statewide Facilities and Highways and Alaska Marine Highway System. The Department has identified over \$725,000,000 in deferred maintenance needs. This appropriation of \$27,100,000 will be allocated across modes in the Department.

Ms. Baker broke down the allocations for the appropriation:

Aviation: \$3,500,000
Statewide Facilities: \$3,100,000
Harbors: \$600,000
Highways: \$16,900,000
Alaska Marine Highway System: \$3,000,000

RN 51683
Alaska Marine Highway System Deferred Maintenance
\$3,000,000

Brief Summary and Statement of Need:

Funding is requested to address Alaska Marine Highway System's deferred maintenance needs.

Co-Chair Stedman queried if the request was part of the governor's \$100,000,000 statewide maintenance plan. Ms. Baker responded that the \$27,100,000 was included in the \$100,000,000 governor's request. Co-Chair Stedman asked what the department had originally requested. Ms. Baker replied that the original deferred maintenance request had been approximately \$700 million. Ms. Baker added that the original total had not included "major" projects. Co-Chair Stedman understood that the request for next year would be approximately \$27,000,000. Ms. Baker replied yes.

Co-Chair Hoffman asked if the all of the projects were for state owned facilities and did not reflect the needs of

particular municipalities or boroughs. Ms. Baker replied that that was correct. She pointed to the committee that the project costs and details could be found in the proposed budget. Co-Chair Stedman suggested expediting the request hearing. He assumed that the department had listed the deferred maintenance projects by priority. Ms. Baker replied that the items listed were the department's highest priorities.

Senator Ellis referred to p.44, RN: 41923, Other Federal Program Match, \$1,050,000. He understood that the fund included a projected \$300,000 in federal government transit grants for local communities. He stated that Alaska was the only state that does not have a formalized transit operating fund account at the state level. Lack of the fund left the state ineligible for federal operating funds at the local level. He expressed curiosity concerning the future plans of the account that would be set up through the request. Ms. Baker replied that the department had budgeted \$100,000 for the Motor Carrier Safety Assistance Program Grants Match and \$950,000 for the Federal Transit Administration Grants Match. She said that the department would follow up with the senator in the issue. Senator Ellis voiced an interest in working with the department in order to increase opportunities for local transit organizations to qualify for more federal operating money.

Co-Chair Stedman referred to Page 196, RN: 51547, Harbors Deferred Maintenance, \$600,000. He pointed out to the committee that the Page 196 listed the cost of the Port Alexander project at \$600,000, but the deferred maintenance inventory list the total read \$690,000. Ms. Baker said that the department would follow up with the committee on the discrepancy.

Co-Chair Hoffman referred to dust control projects. He stated that primarily dirt and gravel was used in the construction of roads in rural areas of the state, which made dust control programs one prime necessity. He hoped that department could create a program that would address the issue using federal dollars. Mr. Kemp replied that the department would work with the co-chair's office in the issue.

Co-Chair Stedman stated that the governor's \$600,000 deferred maintenance request for harbors had mirrored the previous year. He shared that the committee had added \$2.5

million to the request and that the governor had cut the request back down to \$600,000. He hoped that the department would look into the governor's reasoning behind the decreased funding request for deferred maintenance for Alaska's harbors.

Department of Natural Resources

JEAN DAVIS, DIRECTOR, SUPPORT SERVICES DIVISION, DEPARTMENT OF NATURAL RESOURCES, detailed the project review listings.

RN 38872

Unified Permit Project and Document Management

\$2,500,000

Brief Summary and Statement of Need:

The continuation of the Unified Permit Project is designed to support and streamline the permit process, raising productivity and setting known response times for applicants. The system integrates mapping and documents to case and project related data. The goal is to modernize the entire DNR case and project management system by delivering an interactive application system that guides individuals and businesses to the correct questions and helps them to supply answers and content; provides tools to guide adjudicators on permit authorization process; and implements automation of DNR paper case and project files by converting them to digital format via scanning based upon state standards.

Ms. Davis explained that the requested funds would be used to streamline the state land and water use permit application process. The system would integrate mapping systems and electronic documents with case files and provide effective research tools for adjudicators.

Co-Chair Stedman asked how the program would help the 2000 plus backlog of permit requests.

ED FOGLES, DEPUTY COMMISSIONER, DEPARTMENT OF NATURAL RESOURCES, stated that the backlog of authorizations was significant. The department hoped that by offering more resources to the mining division, and automating the permitting system, the backlog could be lessened. Co-Chair Stedman noted that the funding request for \$2.5 million was for a process that began in 2004 with \$683,700. Prior funding history indicated that funding of \$1,000,000 had been appropriated in 2005, and \$800,000 in 2006 - 2010. Co-

Chair Stedman queried the improvement of permit processing since the initial 2004 appropriation.

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Mr. Fogles divulged that the backlog had continued to grow over the years. The department had made strides in automating departmental business processes, but there was more work to be done to simplify the permitting process. Co-Chair Stedman asked if the lingering backlog was the reason for the increased funding request. Mr. Fogles replied that the backlog was part of the reason. Co-Chair Stedman asked if appropriating the funds for FY2012 would result in the backlog numbers going down over the next year. Mr. Fogles stated that the department intended to eliminate the backlog entirely within the next three years. Co-Chair Stedman stated that the committee would examine the backlog in more depth in 2012.

Senator Thomas referred to Page 2, RN 38872:

"Currently, there are approximately 50 different permit types and many are requested with inaccurate or incomplete information on the initial application, which lengthens the request and authorization process. This makes the process slow and inefficient, ultimately causing our customers frustration, and increasing the cost to the state to review and make determinations."

Senator Thomas wondered if the initial application could be changed to relieve problems of inaccuracy. Mr. Fogles replied yes. He explained that the department was attempting to streamline the process and make the applications easier to navigate.

Ms.Davis continued to list the department's FY2012 capital requests.

RN 41415

Gas Pipeline Corridor Geologic Hazards and Resources -
Final Phase

\$200,000

Brief Summary and Statement of Need:

In anticipation of construction of a natural gas pipeline, the Division of Geological and Geophysical Surveys (DGGs) is evaluating the geology, geologic hazards and resources

of the proposed corridor from Delta Junction to the Canada border. Maps and reports already published have provided critical data to pipeline companies and state/federal regulatory agencies. The requested funding will support final geologic mapping, hazard assessment and resource evaluation for the corridor via analyzing newly-acquired Light Detection and Ranging (LiDAR) data to identify and characterize additional potential hazards, follow-up field work, and data synthesis for the entire project.

Ms. Davis explained that the funding would support the final geologic mapping hazard assessment and resource evaluation for the natural gas pipeline corridor between Delta Junction and the Canadian border.

RN 49185

Assessment of In-State Gas Energy Potential Phase 2 and 3
\$500,000

Brief Summary and Statement of Need:

This 3-year project, (FY12 is phase 2), provides critical data for evaluating natural gas potential in prospective unexplored basins near transportation corridors and population centers. Many basins in Alaska have geology conducive for natural gas, but the lack of data hinders evaluation of their gas potential. Some basins will not only have sufficient resource for local use, but may have volumes that justify export. Relevant data bearing on the gas potential of these areas will promote informed decisions regarding energy options and spur exploration. Funds will be used to evaluate existing data and gather new data on gas potential in selected basins and improving results for a Geological Development strategy.

Ms. Davis stated that this three-year project, (FY2012 is phase two), provides critical data for evaluating natural gas potential in perspective unexplored basins near transportation corridors and population centers.

RN 45272

Matanuska- Susitna Borough Hydrogeology Assessment Phase 3
of 3
\$345,000

Brief Summary and Statement of Need:

Water resource allocations are an exclusive mandate of DNR, and management of water resources for protection of

Alaskans requires knowledge of controlling hydrology. In portions of the Matanuska- Susitna Borough (MSB), increasing demands on groundwater are causing concern for the aquifer's ability to provide sufficient high-quality water to meet demand. This is the final phase of funding for an assessment/study with an ultimate goal to provide DNR's Water Management section with knowledge to effectively manage MSB ground water resources for the long-term.

Ms. Davis relayed that this was the final phase of funding for an assessment/study with an ultimate goal to provide DNR's Water Management section with knowledge to effectively manage MSB ground water resources for the long-term.

Co-Chair Stedman requested further explanation of the project. Ms. Davis explained that portions of the Mat-Su Borough had seen increased demand for groundwater, which has caused concern for the aquifer's ability to provide sufficient high quality water for development and general water use. Water levels had been tested in 100 wells, water level recorders had been installed in ten major lakes, two stream gages had also been installed to analyze data and evaluate the long term potential for the aquifer.

RN 51196

Completion of Recorder's Office Digital Image Conversion and Implementation of Electronic Recording
\$400,000

Brief Summary and Statement of Need:

This appropriation includes two allocations to complete Recorder's Office projects including the conversion of recorded documents to digital images, and improvement of image quality and referencing ability to make records easier for customer research; and implementation electronic recording (eRecording) in Alaska.

Ms. Davis explained that the appropriation consisted of two allocations:

RN 45283

Complete Implementation of Electronic Recording
\$100,000

Brief Summary and Statement of Need:

The mission of the Recorder's Office/ Uniform Commercial Code (UCC) component is to provide a secure, accessible and impartial place to record and preserve the permanent public record of Alaska. Electronic Recording will enable a variety of users within Alaska and around the country to securely submit electronic documents for recording in Alaska which will expedite real estate transactions. The project addresses the use of more efficient technology and will facilitate and expedite recording services across the state.

RN 41483

Complete Conversion of Recorded Media to Digital Images
\$300,000

Brief Summary and Statement of Need:

A statutory function of the Recorder's Office/Uniform Commercial Code (UCC) component is to provide customers with easy access to Alaska's public record. This project completes the conversion of all recorded media to digital format, and providing for completion of an online index of all recorded instruments in the Recorder's Office database back to 1970. Project funding will enable us to add enhancements to the existing historical book user interface for search and retrieval of documents recorded prior to 1970. The result is a significant improvement to document image research and retrieval timeframes, and ultimately improved customer service and staff efficiencies when performing research in the public record.

RN 38886

Land Sales - New Subdivision Development
\$3,700,000

Brief Summary and Statement of Need:

This would authorize DNR to propose, design and develop new subdivisions. New subdivisions require surveys, appraisals, wetlands delineations, topographical surveys, archaeological surveys, field inspections, access location, road building and rights-of-way brushing. DNR intends to offer new parcels for sale in FY14, FY15 and FY16. The land sales program contributes to the development of state land, gives Alaskans throughout the state an opportunity to purchase land, puts money into the private sector through service contracts and creates an income base for the State. Making state land available for private ownership by individual Alaskans is part of DNR's core mission.

RN 37762
Cooperative Water Resource Program
\$855,000

Brief Summary and Statement of Need:

This CIP request allows DNR to accept funds from the private sector, and local governments and to pass funds through to US Geological Survey (USGS) and US Natural Resources Conservation Service (NRCS) as part of funding agreements for cooperative water resource programs. Industry and local government often request and pay for USGS and NRCS to install and operate equipment to obtain hydrologic data. These data are needed for resource development and permitting projects such as mining, hydroelectric, or public water supply. If gaging funding is passed through a state agency, funds can be matched up to 100% by the federal government. This project involves only authorization to receive and pass through funding.

[4:00:04 PM](#)

RN 51197
Lower Kasilof River Drift Boat Takeout, Phase 1 of 2
\$2,000,000

Brief Summary and Statement of Need:

This project will develop a public drift boat takeout on the lower Kasilof River in order to address increasing demand for such a facility on this popular drift only salmon fishing river. The total estimated cost for this project is \$3.6M. Phase I (\$2M) will include property investigation and purchasing which is estimated at approximately \$1.3M. Preliminary design, environmental clearance, site planning, public meetings, consultant coordination, and preliminary permitting is estimated at \$300K. The remaining \$400K will result in initial property development including clearing and utility installation. Phase II (\$1.6M) will be spent totally on constructing the boat launch and related facilities.

Co-Chair Stedman asked why Dingell Johnson funds were not being considered. The Dingell Johnson Act, also called the Federal Aid in Sport Fish Restoration Act, is a U.S. federal law from 1950 that authorizes the Secretary of the Interior to provide financial assistance for the state fish restoration and management plans and projects. Ms. Davis

understood that the Dingell Johnson money applied to motorized and non-motorized, and not only non-motorized drift boat takeout.

Co-Chair Hoffman wondered how projects of this nature were submitted for consideration by the governor. Mr. Fogles replied that many of the projects were brought to DNR out of a significant need in the proposed areas. The lower Kasilof was becoming an increasingly heavily used area due to dip net fishing and the popularity of the area as a drift boat fishery. The state parks system runs a drift boat put in facility on the river but lacked a proper place for removal. He stated that the issue had become a priority due to safety concerns highlighted by a fatality that had occurred during an attempt to pull a boat out with a pick-up truck.

Co-Chair Hoffman asked if it was unusual for projects to move forward that required the acquisition of land. Mr. Fogles replied that a number of DNR projects would require the acquisition of land. He shared that it had been difficult to find suitable land on the lower Kasilof for the launch project. Co-Chair Hoffman countered that the state had many state owned parks that required attention as well. Mr. Fogles said that was correct and that the deferred maintenance backlog was significant. Co-Chair Hoffman queried the need for new construction when the deferred maintenance list was so significant.

Co-Chair Stedman expressed concern that the process for determining where docks were built was flawed.

Ms. Davis continued with the department's capital requests.

RN 51042

Replace Pesticide Storage Facility-Plant Materials Center
\$180,000

Brief Summary and Statement of Need:

The Plant Materials Center (PMC), a 405 acre working farm, is in need of a safe and efficient pesticide storage facility. This funding will allow for the purchase and placement of properly designed storage facility and associated wash rack for application equipment. A proper storage facility will stop unnecessary expense due to product loss from deterioration, and provide a secure location to store the hazardous material.

RN 51045

Forest Access Roads for Firewood and Timber Products
\$600,000

Brief Summary and Statement of Need:

This project will develop road access to forest resources to help Alaskans meet rising energy costs through use of a renewable fuel. A dramatic increase in demand requires firewood access road construction to continue meeting demand for both commercial fuel wood timber sales and personal use fuel wood from state lands. Project contributes to the Department's Mission to provide a sustainable supply of forest resources to Alaskans and to the end result of stable or increasing economic, environmental, and social benefits from use of trees and forests. Funds will be used for staff field location and road design, construction project management and contract construction of forest roads.

[4:03:10 PM](#)

Co-Chair Stedman queried the areas that would be targeted by the project. Ms. Davis responded that the areas of target were the Mat-Su, Kenai Peninsula, Tanana Basin, and Copper River Basin.

RN 49203

Foothills Oil and Gas Development Infrastructure
Investigations Phase 2 of 3
\$370,000

Brief Summary and Statement of Need:

This project will provide critical data for judging the feasibility of state and federal infrastructure investment to access both undeveloped and undiscovered oil and gas in the central North Slope foothills. Better understanding of undeveloped discoveries with multiple wells (e.g., Umiat and Gubik) will help predict resource potential of sparsely explored areas. This will inform decisions on infrastructure investments and spur exploration. Funding will also be used to identify potential geologic hazards and construction material sites along the proposed routes. This project will focus on providing key state and federal decision makers some of the critical information required to make informed decisions.

Co-Chair Stedman wondered why the question of undeveloped discovers had not been answered by the Anadarko Petroleum Corporation during their past studies in the area. Mr. Fogles responded that Anadarko had gathered a lot of information but that a broader scope of the study was needed.

Co-Chair Stedman commented that it would behoove the department to prioritize all capital budget requests. Ms. Davis said that a prioritized list would be provided to the committee.

RN 51052

Rare Earth Elements and Strategic Minerals Assessment
\$498,000

Brief Summary and Statement of Need:

This 3-year project will provide critical data for assessing Alaska's Rare Earth Element (REE) potential. It is needed now to address U.S. domestic needs for these critical elements. Many areas of Alaska are permissible for hosting REEs, but the lack of basic geologic data statewide hinders evaluation of Alaska's REE potential. Conducting field work and obtaining relevant geologic data will advance the state's knowledge of its geologic resources, promote informed state management decisions, spur mineral industry exploration, and contribute to the DGGS mission of conducting geological surveys to determine the potential of Alaskan land for production of metals.

Co-Chair Stedman asked if the committee could expect an equal amount to be requested for FY2013. Mr. Fogles responded the intent of the appropriation was for the initial study. The department planned to examine the 150 locations to identify the most promising locations. Requested for FY2013 would depend on the findings of the study. Co-Chair Stedman asked if the department planned to make the FY2012 appropriation last for three years. Ms. Davis replied yes.

[4:06:45 PM](#)

RN 51056

Copper River Fire Facility Modular Replacements
\$400,000

Brief Summary and Statement of Need:

This project replaces the Copper River initial attack trailer (32 year old trailer converted to office use), which also has substantially deteriorated structurally. This building houses work space for up to 20, and was identified in the 2002 USKH Study as not cost-effective to repair.

RN 51822
Haines Fire Facility Modular Replacements
\$100,000

Brief Summary and Statement of Need:

This project provides construction funds to replace a building in Haines used to keep fire-ready in excess of \$125.0 in firefighting tools and equipment. This small building is also the sole facility for Haines forestry staff to work on tools and equipment. The building has deteriorated to the point where current use is marginal, and replacement is the necessary step to have a viable facility.

RN 6855
National Historic Preservation Fund
\$750,000

Brief Summary and Statement of Need:

The National Historic Preservation Fund (NHPF) is a federal program to assist states with their statewide historic preservation programs. Also included in this request are cooperative agreements with federal agencies and grants from federal programs. The statewide historic preservation program contributes to the Department's mission through the development, conservation and use of Alaska's heritage properties and is consistent with the public interest and the Alaska Historic Preservation Act. The NHPF funds grants to local governments, agencies, organizations and individuals for restoration or stabilization of historic properties, or survey, inventory, education, planning and training projects.

Co-Chair Hoffman asked for a list of the projects funded under the appropriation for the last three years. Ms. Davis said that the department would provide the list.

RN 40474
Mental Health Trust Land Facilities Maintenance
\$350,000

Brief Summary and Statement of Need:

The Trust Land Office (TLO) manages facilities owned by the Alaska Mental Health Trust Authority. As part of our mission to protect and enhance the value of the facilities, and maximize revenues from Alaska Mental Health Trust land, any improvements upon that land must be maintained accordingly. This authorization of funding allows for payment of short term expenses (utilities, janitorial, snow removal, etc.) as well as deferred maintenance expenses.

[4:09:37 PM](#)

RN 33690

Snowmobile Trail Development Program and Grants
\$250,000

Brief Summary and Statement of Need:

Snowmobiling is one of Alaska's fastest growing outdoor recreation activities. There is a growing demand to develop and maintain trails and trailheads to provide for safe riding opportunities and to educate riders on safe riding practices. The end result is a variety of safe, accessible, well maintained snowmobile trails. Funds for this program are provided by snowmobile registration fees paid by Alaskans. Funds are distributed in the form of matching grants for trail and trailhead development and maintenance, grooming, safety education, trail identification, and to establish legal trail easements. Grants are to organizations, businesses, agencies, local governments, and individuals.

RN 6855

Abandoned Mine Lands Reclamation Federal Program
\$2,000,000

Brief Summary and Statement of Need:

The Legislature enacted the Alaska Surface Coal Mining Control and Reclamation Act in 1983 (AS27.21). The main purpose of the act was to promote the reclamation of areas mined before enactment of the Federal Surface Mining Control and Reclamation Act of 1977. Conditions at some of these mined areas could endanger public health and safety, have environmental implications or prevent the beneficial use of or cause damage to land and water resources. All funding for this program comes from federal grants; no general funds required. This program will employ up to 75 Alaskans in private sector construction jobs. This program

also provides the coordination point for Alaska with the Interstate Mining Compact Commission.

RN 40082

Alaska Coastal Management Federal Grants

\$1,360,000

Brief Summary and Statement of Need:

The Division of Coastal and Ocean Management is the designated state agency to receive federal funds from National Oceanic and Atmospheric Administration (NOAA), and shares them as reimbursable service agreements (RSA) to agencies participating in the Alaska Coastal Management Program (ACMP). These RSA funds support the implementation of the ACMP by the participating state agencies, coastal districts, and other grant recipients. Effective implementation of the ACMP by the grant recipients promotes responsible development of the state's coastal uses and resources, and improves the state's water use, water quality, and aquatic habitat initiatives and grant programs.

RN 37769

Federal and Local Government Funded Forest Resource and Fire Program Projects

\$1,800,000

Brief Summary and Statement of Need:

This project provides receipt authority for one-time federal and local government funded projects. These projects include competitive grant awards for hazardous fuels reduction, Firewise education, prevention and education, Community Wildfire Protection Planning, special forest disease surveys and forest restoration projects, biomass inventories, targeted community forestry projects, and agreements for implementation of one-time local government funded field projects including fuels mitigation. This project meets the mission of continued protection, development, and management of the State's natural resources, by enlisting cooperation at the local level throughout Alaska.

RN 32552

Land and Water Conservation Fund Federal Grant Program

\$3,000,000

Brief Summary and Statement of Need:

The Land and Water Conservation Fund Federal Grant Program (LWCF) is a 50/50 matching grant program that provides funding for the development of outdoor recreation areas and facilities. More than any other state in the union, Alaskans recreate outdoors. LWCF is consistent with DNR's mission in that it develops, conserves and maximizes Alaska's resources consistent with the public interest. New or rehabilitated projects increase the number of park visits, furthering a desired end result. Privatizing the management of a LWCF assisted site is consistent with LWCF policy, addressing a second desired end result. Program staff is responsible for monitoring compliance with LWCF regulations and policies.

RN 34881

Forest Legacy Federal Grant Program
\$1,000,000

Brief Summary and Statement of Need:

The Forest Legacy Program provides federal funding for acquisition of high-value private forestland threatened with conversion to non-forest use. Legislative intent targets private lands adjacent to, or within, existing conservation units (parks, refuges, etc.) used primarily for forestry, fish and wildlife habitat, outdoor recreation and traditional access. These uses would be disrupted, destroyed, or degraded if the private properties were converted to non-forest uses. To ensure that park visitors continue to enjoy quality outdoor recreation experiences, and interaction with Alaska's natural and cultural world, these invaluable state assets must be properly maintained to maximize the use of critical areas.

RN 39042

National Coastal Wetland Grant
\$1,000,000

Brief Summary and Statement of Need:

The Coastal Wetlands program focuses on coastal wetlands ecosystems including both wetlands and upland buffers. Wetlands provide essential fish and wildlife habitat, which in Alaska support many commercial and recreational human uses, particularly in and near communities, parks, and refuges.

Wetlands provide substantial contributions to water quality, flood and storm water control as well as providing

habitat for fish and wildlife. This program provides federal funding to the state for the long-term protection of wetlands, which is matched with private sector donations. The program considers acquisition, restoration, enhancement or management of coastal wetlands.

RN 6854

National Recreational Trail Grants Federal Program
\$1,500,000

Brief Summary and Statement of Need:

Alaskans rely on trails for recreation, subsistence, and transportation. These trails need maintenance to ensure safe passage and to ensure that they remain open and available for use. Funds are distributed by 80-20 matching grants for trail and trailhead development and maintenance, and for education programs relating to trail safety and responsible trail use. Grants are awarded to organizations, agencies and local governments. The end result is a variety of safe, high-quality, year-round trails.

Co-Chair Stedman wondered how the projects for grants were selected. Ms. Davis replied.

[4:15:09 PM](#)

RN 51105

South Denali Visitors Center Design and Construction
\$3,000,000

Brief Summary and Statement of Need:

The funding will be used to complete the design of the South Denali Visitors Center. With the completion of the EIS and the Interpretive plan we are ready to move forward with design and construction. The total amount of state funding needed to complete the project is \$25.0 million. This project will provide access to public lands, boost the local economy and is estimated to receive approximately 280,000 annual visits.

Total remaining state project costs include:

\$3 million for design of the visitor center and the transportation system

\$13 million for the construction of the visitor center

\$3 million for construction of the transportation system

\$6 million to extend power to the site

RN 51194

Natural Resources Facilities Deferred Maintenance Projects
\$4,000,000

Brief Summary and Statement of Need:

This appropriation provides funding for known deferred maintenance and critical emergency repairs for both State Park and Division of Forestry facilities and infrastructure.

Ms. Davis explained that the appropriation was divided into nine allocations; eight for State Parks totaling \$2,075,000, and one allocation of 1,925,000 for Division of Forestry.

Co-Chair Stedman asked about page the deferred maintenance list on Page 80. He noted that the appropriation was written to increase from \$4 million in FY2012, to \$35 million in FY2013. Ms. Davis replied that the Division of State Parks has a deferred maintenance inventory of \$60 million and the Division of Forestry has a deferred maintenance inventory of \$11 million, the department was in the process of identifying additional deferred maintenance projects. Co-Chair Stedman asked if the department intended to request \$30 million for deferred maintenance in FY2013. Ms. Davis replied that the department would be working with the governor on the FY2013 request.

Co-Chair Stedman asked that the requests be ranked in priority for the consideration of the committee.

Senator Thomas hoped that the department had proper coordination of funding, research and personnel concerning the Roads to Resources Project. He felt that a substantial amount of information had already been made available, and noted that some of the planned roads were in areas of low potential. He hoped that the department was considering the greatest potential for the program in the spending of appropriations.

Mr. Fogles assured the committee that the department was coordinating closely with DOT on the project.

Co-Chair Hoffman asked how many acres the department had in the Wood-Tikchik State Park. Mr. Fogles replied that he would provide the information at a later date. Co-Chair Hoffman wondered if it was one of the largest parks in the

state. Mr. Fogles believed it was the largest park in the state. Co-Chair Hoffman referred to the request on Page 89:

RN 51720

Parks and Outdoor Recreation Deferred Maintenance - Wood-Tikchik Area

\$35,000

Brief Summary and Statement of Need:

The division is striving to protect visitor health and safety by providing safe, clean, and well maintained parks but State Parks has over \$65.8 million in deferred maintenance needs. This request will fund necessary projects across the Wood Tikchik Area of the state including upgrades, repairs or replacement of roads, trails, shelters, outhouses, drinking water systems, parking areas and other facilities to keep them from becoming an urgent health and safety hazard.

Co-Chair Hoffman commented that the total request was inadequate given the size of the park.

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Alaska Housing Finance Corporation

Co-Chair Stedman advised the corporation to prioritize the capital requests in the event the committee made budgetary alterations.

DAN FAUSKE, CEO/EXECUTIVE DIRECTOR, ALASKA HOUSING FINANCE CORPORATION, stated that the projects would be listed as they were detailed in the proposed budget.

RAY UTTER, BUDGET MANAGER, ALASKA HOUSING FINANCE CORPORATION, discussed the capital budget requests.

RN 40068

AHFC Statewide Project Improvements

\$2,000,000

Brief Summary and Statement of Need:

Corporate (AHFC) funds to address repairs, deferred maintenance, and make improvements to AHFC-owned properties throughout the state. This project will allow AHFC to keep pace with the deterioration of existing components of the rental properties such as roofs, sidewalks, and common

areas. It will enhance operations, allow quick response to ordinance and code changes. The primary function of this project is to address those major or extraordinary work items identified annually through the Physical Needs Assessments (PNA) by the public housing maintenance staff and asset supervisors.

Mr. Utter stated that the purpose of the project was to provide funding to address known and unknown conditions in the AHFC housing stock.

RN 47069
Building System Replacement Program
\$1,500,000

Brief Summary and Statement of Need:

Corporate (AHFC) funds to address major roof replacement at Seaview Terrace senior/disabled housing in Ketchikan; replace siding at Glacierview senior/disabled housing in Seward, and replacement of roofing at Sunset Manor senior/disabled housing in Cordova.

Mr. Utter relayed that the project would address specific, major repairs and/or replacement of items identified in a five-year review of major projects.

RN 47066
Fire Protection Systems - Phase 3
\$2,200,000

Brief Summary and Statement of Need:

Corporate (AHFC) funds to flush, evaluate and repair fire sprinkler and alarm systems in multi-family and senior/disabled public housing statewide based on a fire system engineer's equipment survey of fire protection systems and subsequent testing of existing fire protection systems.

RN 47068
AHFC Security Systems Replacement/Upgrades
\$500,000

Brief Summary and Statement of Need:

Corporate (AHFC) funds to be used to upgrade existing security and door access systems to senior/disabled and multi-family public housing. The project includes replacement of security and door access systems that are

outdated and are no longer supported by manufacturers for replacement parts and software.

RN 6323
AHFC Supplemental Housing Development
\$7,000,000

Brief Summary and Statement of Need:

Supplemental Housing Development Program utilizes corporate (AHFC) funds to supplement Federal (HUD) funds to construct decent, safe and sanitary housing through regional housing authorities. Funds are used to cover housing development costs related to water distribution, sewer hookups, electrical distribution systems, and road construction to project site, site development, and energy efficiency improvements. State laws limit the use of these funds to 20% of the HUD's total development cost per unit. These funds are prohibited from being used for administrative or other costs of the housing authority.

Mr. Utter explained that the funding would be split; \$3 million in corporate dividends, and \$4 million state general funds.

RN 6351
AHFC Energy Efficiency Monitoring and Research
\$1,000,000

Brief Summary and Statement of Need:

This request will provide corporate (AHFC) funds for a designated grant to the Cold Climate Housing Research Center to conduct housing construction research, analysis, and information dissemination among the housing industry and the public. Data gathering and analysis is being continually related to energy efficiency technology for homes constructed in northern building and market conditions.

RN 6334
AHFC Senior Citizens Housing Development Program
\$4,500,000

Brief Summary and Statement of Need:

AHFC's Senior Citizens Housing Development Program (SCHDP) uses corporate (AHFC) funds for grants to municipalities and public or private non-profit corporations, in conjunction with other agencies, for the development of

senior citizen housing. Funds can be used for: the purchase of building sites, site preparation, materials, construction, and rehabilitation of existing housing. Organizations qualified to apply include municipalities and public or private nonprofit corporations. Additional components include smaller grants (up to \$25,000) for nonprofit senior organizations to pay for preparation of plans and project feasibility studies, appraisals, site preparation and other predevelopment activities.

Mr. Utter added that to date, the program had funded 1,209 senior units and provided accessibility modifications to over 150 homes.

RN 6347 AHFC
AHFC Housing and Urban Development Federal HOME Program Grant
\$4,000,000

Brief Summary and Statement of Need:

This project utilizes federal (HUD) and corporate matching (AHFC) funds for the HOME Investment Partnership Program. The purpose of the HOME program is to expand the supply of affordable, low and moderate- income housing and to strengthen the state's ability to design and implement strategies to achieve an adequate supply of safe, energy-efficient, and affordable housing. The Municipality of Anchorage has their own separate HOME program.

Mr. Utter stated that the program included \$3,250,000 in federal receipts and a match of \$750,000 in corporate receipts.

RN 6342
AHFC Housing and Urban Development Capital Fund Program
\$3,200,000

Brief Summary and Statement of Need:

The Federal (HUD) grant provides Public Housing Authorities (PHAs) with funds each year to help renovate and modernize public housing units. The annual Capital Fund Program (CFP) fund, including Replacement Housing Factor (RHF) funds, was approximately \$2.8 million this fiscal year. The current request is intended to cover the spending authority required for the amount of funds anticipated next year,

including any other incentives that may be available as a high performing PHA.

Mr. Utter stated that the funds helped to renovate and modernize public housing units.

RN 6348

AHFC Federal and Other Competitive Grants
\$4,500,000

Brief Summary and Statement of Need:

This request is for Federal (HUD) and corporate match (AHFC) funds which allows AHFC to apply for HUD, other federal agency, and private foundation grants that target the housing needs of low income and special needs groups such as: senior citizens, the mentally ill, disabled or the homeless. AHFC will also apply for energy-related grants as they relate to housing. When required, AHFC will provide the needed matching funds. Some of the funds received will be passed through to local nonprofit sub-grantee organizations who deliver housing and/or services.

Mr. Utter detailed that \$3 million of the funding was federal receipts and \$1.5 million in corporate receipt matching funds.

RN 6350

AHFC Competitive Grants for Public Housing
\$1,100,000

Brief Summary and Statement of Need:

This request is for Federal (HUD) and corporate match (AHFC) grant funds. AHFC will apply for HUD grants that target the housing needs of low-income and special needs groups such as: senior citizens, the mentally ill, disabled, or the homeless. AHFC will also apply for grants to prevent crime and substance abuse in public housing and assist public housing families in attaining economic self-sufficiency. When required, AHFC will provide the needed match. Some of the funds received will be passed through to local non-profit sub-grantee organizations that deliver housing and/or services.

Mr. Utter stated that the request had two funding sources; \$750,000 federal receipts, and \$350,000 corporate receipts.

RN 50683

AHFC Weatherization Program
\$26,500,000

Brief Summary and Statement of Need:

The Weatherization Program utilizes Federal U. S. Department of Energy (DOE) and corporate (AHFC) funds to assist low- and moderate- income families attain decent, safe, and affordable housing through cost effective weatherization and rehabilitation of existing homes. Weatherization provides for fire safety through furnace and electrical repairs, education, chimney and woodstove repairs, and egress windows (installed during bedroom window replacements). In order to maintain the current pace established in FY2008 and maintained over the past several years, new funding is required.

Mr. Utter relayed that the two funding sources for the request were \$1,500,000 in federal DOE funds and \$25,000,000 Alaska Housing Capital Corporation funds. The funds were used to weatherize homes and for the energy rebate program.

Co-Chair Stedman asked if spending for the program should be increased. Co-Chair Hoffman offered an affirmative. Mr. Fauske added that the program what the most successful endeavor he had ever worked on in reference to; achievement of stated goals, amount of people served, and overall derived benefits. He said that the program had reduced energy costs by 33 percent on average. The average rebate was \$6,100, with an average homeowner investment of \$10,000. The program had saved 168,000 barrels of oil had been saved due to the program. He estimated that the program employed 4000 Alaskans. He said that the program was currently fully encumbered on the rebate side, \$160,000,000, and was fully allocated on the weatherization side by \$200,000,000.

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Mr. Fauske stated that the AHFC was currently averaging 66 percent program usage to completion.

Co-Chair Hoffman wondered what \$50 million dollars could do for the life of the program.

JOHN ANDERSON, WEATHERIZATION PROJECT OFFICER, ALASKA HOUSING FINANCE CORPORATION, replied that \$50 million could

help to serve 2,300 homes under the rebate program and 2,000 under the weatherization program. Co-Chair Hoffman wondered how long the funds would last. Mr. Anderson stated that the department was currently at capacity, for both programs, for 100 million per year. Co-Chair Stedman wondered if the FY2012 request was \$74 million light, based on current capacity. Mr. Anderson replied yes.

RN 45389
AHFC Statewide ADA Improvements
\$500,000

Brief Summary and Statement of Need:

Corporate (AHFC) funds will be used to address accessibility upgrades identified by a HUD Fair Housing Inspection dated September 2006. The upgrades are to be made over a five-year period to comply with ADA and Section 504 requirements of a Voluntary Compliance Agreement (VCA) recently negotiated with HUD.

RN AHFC 37918
AHFC Housing Loan Program
\$6,000,000

Brief Summary and Statement of Need:

Corporate (AHFC) funds to supplement the Corporation's popular housing programs through gap funding. Funding will allow AHFC to continue current programs and expand business opportunities with new Teacher Housing, Health Professionals, Public Safety and Village Public Safety Officers housing programs.

Mr. Utter detailed that the request consisted of \$2,000,000 in general funds, \$3,000,000 AHFC funds, and \$1,000,000 AIDEA funds. The \$2 and \$3 million would be allocated to teachers, health and public safety professionals, and the \$1 million would go to the VPSOs.

Co-Chair Stedman asked if the funding would be sufficient to fund the increased VPSO program. Mr. Fauske stated that, based on discussions with the Department of Public Safety, the department believed the funding would suffice.

RN 45390
MH: AHFC Homeless Assistance Program
\$10,000,000

Brief Summary and Statement of Need:

Corporate (AHFC) funds, Mental Health Trust Authority Receipts (MHTAAR), state general funds/mental health (GF/MH), AIDEA dividends, and federal receipts for grants to local communities/agencies to help develop programs to support programs designed to reduce homelessness by providing services that prevent housing displacement and assist the homeless to transition back to permanent housing. Corporate funds will be leveraged with the other funds. All funds will be combined and administered as one program by AHFC.

Mr. Utter relayed that funding for the program consisted of \$2,000,000 in federal receipts, \$6.3 million general funds receipts, \$850,000 GF/Co-Chair Hawker, and \$850,000 MHTARR.

RN 6360

MH: AHFC Beneficiary and Special Needs Housing
\$1,750,000

Brief Summary and Statement of Need:

Corporate (AHFC) funds will provide for a continuing program to serve populations with special housing needs. The program provides funds to Alaskan nonprofit service providers to increase housing opportunities for Alaska Mental Health Trust Authority (AMHTA) beneficiaries and other special needs populations throughout the state. The funds may be used for housing development and/or services designed to achieve long-term residential stability.

Mr. Utter said that \$676,500 of the funding was from AHFC corporate funds, and \$1,073,500 was from the general fund.

Co-Chair Stedman requested an update in the corporation's revenue portfolio

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Mr. Fauske expounded on the funding needs of AHFC. He stated that there was approximately \$19 million in the budget of general fund dollars. He stated that AHFC had suffered a \$9 million dollar operating loss in FY2011 based entirely on the fact that the corporation had lacked a safe place to put funds in order to earn a rate of return. All funding for the programs were short-term, and none of the loan programs were exotic. The corporation had considered

certain amounts based on historical interest rates and the financial collapse suffered in the housing markets in the rest of the country had affected the AHFC. He believed that the corporation had "turned a corner", and that the financial picture would improve. He referred to a "white paper" that detailed how the financial crisis had affected the corporation.

Co-Chair Stedman requested the "white paper".

Mr. Fauske said the paper would be made available.

JOE DUBLER, DIRECTOR, FINANCE DEPARTMENT, ALASKA HOUSING FINANCE CORPORATION, DEPARTMENT OF REVENUE, reiterated that the information could be made available.

Mr. Fauske pointed out to the committee the request on Page 12, for \$5,500,000:

RN 51753

Alaska Gasline Development Corporation - Year 2 In-State Gas Project
\$5,500,000

Brief Summary and Statement of Need:

This project utilizes State General Funds (GF) to produce by July 1, 2011, "a project plan for developing an in-state natural gas pipeline. The plan must specify and document how an in-state natural gas pipeline can be designed, financed, constructed, and made operational by December 31, 2015. This phase of the project will continue those efforts toward fruition.

Senator Ellis wished to highlight the Alaska Craftsman Home Program. He expressed appreciation for the support of AHFC with the program.

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Alaska Energy Authority

SARA FISHER-GOAD, EXECUTIVE DIRECTOR, ALASKA ENERGY AUTHORITY, discussed the project review listings.

RN 32950

Alaska Energy Authority - Electrical Emergencies Program
\$330,000

Brief Summary and Statement of Need:

The Electrical Emergencies Program provides technical support when an electric utility has lost, or will lose; the ability to generate or transmit power to its customers and the condition is a threat to life, health, and/or property. This program contributes to the Department mission of promoting a healthy economy and strong communities as electricity is considered essential for both community development and economic growth.

Ms. Fisher-Goad stated that the program was AEA's long-standing emergency support when electrical utilities in rural Alaska had safety issues. The funding allows for response to related emergencies.

RN 38950

Alaska Energy Authority - Energy Projects
\$16,000,000

Brief Summary and Statement of Need:

This request addresses multiple federally funded energy programs, including Bulk Fuel Upgrades, Rural Power Systems Upgrades, and the state funded energy planning project. This program contributes to the Department's mission of promoting a healthy economy and strong communities by providing economic growth in the communities it serves.

Ms. Fisher-Goad stated that the request was \$10 million in state funds, \$6 million in federal receipts. The federal money was Denali Commission money, which was beginning to decline. Of the \$10 million, \$1 million was to be used for regional energy planning.

Co-Chair Stedman wondered why there was a dip in the funding request from FY2011 to FY2012. Ms. Fisher-Goad replied that the request for FY2013 would be reduced well. The level of federal receipts would not be sustainable. She suggested that in FY2013 federal receipts would be at the \$6 million level.

RN 60682

Alaska Energy Authority Renewable Energy Projects Round Four
\$25,000,000

Brief Summary and Statement of Need:

The Renewable Energy Grant Fund program was created in 2008 with the intent to appropriate \$50 million annually for five years. The Legislature has appropriated \$150 million for this program since its creation. This program contributes to the Department's mission of promoting a healthy economy and strong communities by providing funds for energy projects that promote adequate, reliable, reasonably priced, and a safe supply of energy considered necessary for Alaska's basic infrastructure and economic and technological development.

Ms. Fisher-Goad stated that the program was in Round 4 of 5 rounds of projects. The legislation for the grant program requires AEA to approach the legislature to receive funding. The AEA had provided to the legislature a list of \$37 million of recommended projects, and had approximately \$4 million in funds that would not be used for earlier grants.

Co-Chair Stedman recalled that statute required \$50 million per year. Ms. Fisher-Goad believed that the legislative intent had been to fund it at \$50 million per year. However this year's recommended project level was \$37 million.

Co-Chair Hoffman stated that the over-all intent of the legislature had been to spend \$250 million over five years. He wondered how that would be accomplished. Ms. Fisher-Goad replied that in past years the AEA had had recommended funding levels at \$50 million or higher. She did not believe that the \$250 million goal could be reached using the current project solicitation process. She thought that for the Round 5 funding the solicitation methods would need to be addressed. For example, a cap had been placed on projects at \$4 million for high cost areas, and \$2 million for lower cost areas. She thought a solicitation process that enabled more projects to be examined could be beneficial.

Co-Chair Hoffman expressed concern for the program funding. He said many areas of the state lost enthusiasm for submitting requests after the governor's veto of FY2011 capital projects. He said that the numbers show that the program was working and that it should be funded at a minimum of \$37 million.

RN 45811

Alaska Energy Authority - Susitna Railbelt Energy Plan

\$65,731,063

Brief Summary and Statement of Need:

This request is for environmental permitting and necessary field work for large scale hydroelectric projects. This project contributes to the Department mission of reducing the cost of energy in Alaska.

Co-Chair Stedman asked about previous and future funding. He wondered what process was underway that required a \$65 million request for the next 12 months. Ms. Fisher-Goad the \$65 million would be for multi-year work. She said that the numbers could be provided concerning the amount of funding that would be needed in order to move the project forward regardless of the funding source for FY2012 and FY2013. She explained that fiscal years were in the middle of the construction season, the intention was that the appropriation would bridge fiscal years. The more money available earlier, the more planning that could be done for the multi-year project.

Co-Chair Stedman stated that the state had no shortage of savings or revenue streaming. He requested the numbers for the cash flow use in FY2012, 13 and 14. He said that the committee had no interest in cutting short the funding.

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Co-Chair Stedman said that the committee would not fund the all the available dollars in the Rail belt Energy Funds simply because they were available. Appropriating all the funds no would remove the legislature from the process. He reiterated that historically, the committee had a definite interest in the hydro-project, particularly Senator Thomas, and had provided funding accordingly. Ms. Fisher-Goad noted for the committee that the estimated cash flow for future fiscal years could be charted - but the specific details and studies would be more difficult to nail down.

RN 51767

Alaska Energy Authority - Southeast Energy Fund
\$10,000,000

Brief Summary and Statement of Need:

This project provides fund capitalization of the Alaska Energy Authority Energy Fund. This project contributes to

the Department mission by promoting strong economies and healthy communities in Southeast Alaska.

Co-Chair Stedman asked if there were identifiable projects. Ms. Fisher-Goad said no. Co-Chair Stedman wondered how the funds could be appropriated without identifiable projects. Ms. Fisher-Goad stated that AEA was heading up a Southeast Integrated Resource Plan to identify projects that would be potentially available for funding. She said that the AEA would use the funds to issue grants. She believed that the funds would be beneficial for completing the IRP process for projects in southeast as early as possible. Co-Chair Stedman expressed concern that the request was premature. He said that there was no appropriation targeted by the administration, other than the FY2012 through FY2017 appropriation of \$10 million. The Susitna project carries the same timeframe and has an appropriation of \$162 million. He worried that there was a great difference between the appropriation requests and what communities were actually experiencing.

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Ms. Fisher-Goad mentioned that a working group for the integrated resource plan had met and had expressed support for supporting projects that had been FERC licensed prior to the Technical Conference being held in April 2011.

#

ADJOURNMENT

[5:05:20 PM](#)

The meeting was adjourned at 5:05 PM.