

SENATE FINANCE COMMITTEE
March 17, 2011
5:05 p.m.

[5:05:14 PM](#)

CALL TO ORDER

Co-Chair Stedman called the Senate Finance Committee meeting to order at 5:05 p.m.

MEMBERS PRESENT

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

MEMBERS ABSENT

Senator Dennis Egan

ALSO PRESENT

Shelby Boothe, Bristol Bay and Marv Smith, Bristol Bay; Dale Wygant, Juneau; Jeff Logan, Juneau; Gladi Kulp, Juneau; Mary Hakala, Education Coordinator, K-12 STEM; Doug Bridges, Southeast Senior Services; Fred Sturman, Self; Kirk Hardcastle, Research Technician, Alaska Center for Energy and Power. Gary Hanson, Skagway Port Commission; Bart Meyer, Baranof Island Housing Authority; Paul Metz, Fairbanks.

PRESENT VIA TELECONFERENCE

Mayor Luke Hopkins, Fairbanks; Dave Weber, Homer; Valerie Davidson, AK Native Tribal Health; Brad Sworts, Matsu Bureau of Transportation; Dave Talerico, Mayor of Denali; Dr. Mary Loeb, Sunshine Clinic; Deborah Griffin, Sunshine Clinic; Tim Dillon, Seldovia; Daniel Duame, Association of AK Housing Authority; Rick Boyles, Teamsters Local; Robert Boyle, Ketchikan; Jack Shay, Ketchikan; David Mitchel, Ketchikan; Michael Pate, Homer; Phil Morris, Homer; Larry Shirts, Homer; Randy Pitney, Fairbanks; John Ringstad,

Fairbanks; Larry Ehnert, Fairbanks; Dave Jones, Assistant Superintendent, Kenai Peninsula School District; Willard Dunham, Mayor, City of Seward; Bob Medinger, Sitka Historical Society; Gerry Hope, The Ride, Sitka; Joe D'Elia, Kodiak Public Library; Larry DeVilbiss, Mayor, Mat-Su Borough; Patty Holmes, Public Library Association; Pat Holmes, Kodiak; James Garhart, Self, Wasilla; Vergie Thompson, Mayor, City of Houston, Wasilla; Jenny Pegitano, Palmer; Beth Fread, Self, Palmer; Arden Miller, Self, Wasilla; Carl Gamble, Self, Palmer; Marvin Yoder, City of Wasilla; Verne Rupert, Mayor, City of Wasilla; Shane Linse, Self, Wasilla; Elizabeth Gay, Mat-Su Borough; Cindy Bettine, Self, Wasilla; Lake Williams, IUOE 302, Fairbanks; Heather Arnett, Association of Alaska Authority; Chris Reitan, Galena City School District; John Tronrud, Port Chairman, Skagway; Tom Corrigan, City Manager, Galena; Randy Phillips, Team Alaska/Arctic Winter Games, Eagle River; Mike Robinson, Alaska Library Association, Anchorage; Andi Nations, Statewide Independent Living Council, Anchorage; William T. Sims, Operating Engineer Local 302, Anchorage; Patrick Reinhart, Anchorage; Dave Patterson, Volunteer, Alaska First Programs, Anchorage; David Hanson, Economic Development Director, Mat-Su Borough; Doug Isaacson, North Pole; Barry Donnellan, Self, Fairbanks; Cynthia Burns, Vice President Old Harbor Native Corporation, Old Harbor; Kevin Gadsey, Ketchikan; Pam Robinson, Sunshine Clinic, Mat-Su.

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."

[5:05:24 PM](#)

Co-Chair Stedman explained the two minute time limit for public testimony.

[5:07:14 PM](#)

SHELBY BOOTHE, BRISTOL BAY AND MARV SMITH, BRISTOL BAY, testified representing the Bristol Bay Borough Assembly. He recognized Senator McGuire for her work in his community. He mentioned the expansion of the port of Bristol Bay. He explained that \$9 million was gathered for the project. He expressed the need for further work on the existing and proposed docks. The priority was replacing the existing dock. He explained that Phase 2 was designed and Phase 3 was partially designed. He quoted the price of the projects at \$24 million. He requested an additional \$6 million for the dock's replacement. He noted the number of shipping containers which doubled.

MAYOR LUKE HOPKINS, FAIRBANKS (via teleconference), testified in support of funding for the Host Society of the Alaska 2014 Arctic Winter Games. He spoke about the voluntary wood stove change-out program with a request for \$5 million. He addressed the Noel Wien regional library, which served a large portion of the state and required a \$6 million upgrade. The North Pole library requested \$12 million for a new library. He moved on to the deferred maintenance list and the Pioneer Park \$500 thousand request. The Centennial roof replacement request was \$650 thousand. He mentioned underground fuel storage tanks, which required \$650 thousand. He mentioned the community swimming pool maintenance lists totaling \$750 thousand. He mentioned the request for the road service area funding with a request of \$10 million. He described Phase 1 of the animal shelter reconstruction project. He mentioned five school projects with requests submitted.

[5:16:17 PM](#)

Co-Chair Stedman commented on the Capital Project Submission & Information System (CAPSIS). He stated that the system included \$7 billion in requests.

[5:16:58 PM](#)

DAVE WEBER, HOMER (via teleconference), testified in support of the Natural Gas Transition Line from Anchor Point to Homer. He spoke to the value of low cost natural gas and stated that he had a "shovel ready project."

[5:18:58 PM](#)

DALE WYGANT, JUNEAU, testified in support of the public transportation system. He informed the committee that he rode the bus as a public employee and continued to do so as a retired person. He urged support of the bus system and hoped for an increase in funding.

[5:20:30 PM](#)

JEFF LOGAN, JUNEAU, testified in support of the second appropriation for the Arctic Winter Games. He stressed continued legislative support for the games. He commented on Senator McGuire's opinions regarding the support of the winter games.

[5:22:50 PM](#)

VALERIE DAVIDSON, AK NATIVE TRIBAL HEALTH (via teleconference), spoke in support of Medicaid funding. She spoke on behalf of two projects, the statewide long-term care facility in Anchorage and the Norton Sound Health Corporation's long-term care project in Nome. She stated concerns regarding general fund expenditures and the savings that occur with long-term health care. She stressed that Providence was downsizing creating a waitlist and without an extension of the long-term care facilities, the program will suffer.

[5:25:31 PM](#)

BRAD SWORTS, MATSU BUREAU OF TRANSPORTATION (via teleconference), testified in support of the governor's budget recommendation of \$20 million for the Port MacKenzie rail extension and \$3 million for the South Denali visitor center project.

[5:27:15 PM](#)

DAVE TALERICO, MAYOR OF DENALI (via teleconference), testified in support of the Port MacKenzie rail extension. He commented on the Tri-Valley school gymnasium roof replacement. He spoke to the need for \$180 thousand for a fire truck for the Anderson volunteer fire department. He addressed a \$60 thousand request for repairs needed for a brush truck.

[5:29:13 PM](#)

DR. MARY LOEB, SUNSHINE CLINIC (via teleconference), testified regarding funding for construction of the Willow Community Health Center. She explained that she was the medical director and physician on staff for two clinics. She stated that the current clinic was unable to perform necessary services.

[5:30:49 PM](#)

DEBORAH GRIFFIN, SUNSHINE CLINIC (via teleconference), spoke on behalf of the Sunshine Community Health Clinic Willow project. She urged the committee to appropriate the requested funds for the new facility. She mentioned the services provided by the clinic.

[5:31:59 PM](#)

TIM DILLON, SELDOVIA (via teleconference), spoke in support of funding for the Arctic Winter Games.

[5:32:38 PM](#)

DANIEL DUAME, ASSOCIATION OF AK HOUSING AUTHORITY (via teleconference), spoke in support of the Alaska Housing Finance Corporation (AHFC) grant program. He mentioned the program's benefits and the necessary 20 percent match. He noted the \$7 million request in the governor's proposed budget. He requested an appropriation increase to \$11 million.

[5:34:55 PM](#)

RICK BOYLES, TEAMSTERS LOCAL (via teleconference), testified in support of the Fairbanks natural gas project, which could reduce the increased cost of energy in the interior of Alaska. He commented on the high oil prices and the need for affordable fuel.

[5:36:20 PM](#)

Co-Chair Stedman commented that the committee was committed to the energy issue.

[5:36:54 PM](#)

ROBERT BOYLE, KETCHIKAN (via teleconference), spoke on behalf of OceansAlaska and education in Southeast Alaska. He commented on the value of the science programs for kindergarten through high school. He believed that the enhancement of the OceansAlaska project would benefit the communities in Southeast Alaska. He mentioned the importance of re-roofing the Valley Park School.

[5:39:13 PM](#)

JACK SHAY, KETCHIKAN (via teleconference), spoke in support of library facility funding. He noted the fundraising efforts and the bond issued in Ketchikan for the library facility. He added the endorsement of funding for rare-earth investigation.

[5:40:48 PM](#)

DAVID MITCHEL, KETCHIKAN (via teleconference), testified in support of funding the capital request of \$300 thousand for OceansAlaska and the Mariculture Research and Training Facility. He stressed that the coastal regions of Alaska would benefit from the state's support of the project.

[5:42:22 PM](#)

MICHAEL PATE, HOMER (via teleconference), spoke in support of the Homer gasline extension. He understood that additional funding of \$10 million was required to fund the extension. The gasline would provide employment and resources needed in the Homer and Anchor Point areas.

[5:44:19 PM](#)

PHIL MORRIS, HOMER (via teleconference), testified in support of the Anchor Point to Kachemak City transmission line. He assured that the project was "shovel ready." He believed that the pipeline extension was the most important request in SB 46, and he urged support of the project.

[5:45:30 PM](#)

LARRY SHIRTS, HOMER (via teleconference), spoke in support of funding for the gas transmission line between Anchor Point and Kachemak City. He echoed the testimony of the prior testifiers from his region. He added that the high cost of fuel oil warranted the funding.

[5:47:51 PM](#)

RANDY PITNEY, FAIRBANKS (via teleconference), spoke in support of the Arctic Winter Games. He stated that the team was founded in 1968 by Governor Hickel. He spoke about the 360 letters of support for the Arctic Winter Games.

[5:50:00 PM](#)

PAUL METZ, FAIRBANKS, testified in support of the Port MacKenzie rail extension and the North Slope natural gas project. He commented on the mineral holdings in Alaska. He noted that the metallic minerals were in great demand in and could be delivered to market. The extension of the rail to the port was the initial step in the expansion of the rail

system in interior Alaska and onto the rest of the North American rail grid. He stated that 60 percent of the cost of mining and mineral extraction was energy. The first step to bringing natural gas from the interior would help jumpstart the recent mineral discoveries.

[5:52:51 PM](#)

JOHN RINGSTAD, FAIRBANKS (via teleconference), spoke in support of the maintenance requests in the Fairbanks School District. He requested the consideration and support of the list of school maintenance requests.

[5:54:06 PM](#)

LARRY EHNERT, FAIRBANKS (via teleconference), spoke to the need for funding for the K-12 science technology engineering and math program and the Juneau Economic Development Council (JEDC). He testified that JEDC coordinated many of the school robotics competitions throughout the state.

[5:55:46 PM](#)

GLADI KULP, JUNEAU, testified in support of funding for the new State Library Archives and Museum (SLAM). She commented on the importance of the library's collections. She urged support for funding a new building. She stressed the importance of housing the artifacts and document collections within one building as opposed to three.

[6:02:48 PM](#)

MARY HAKALA, EDUCATION COORDINATOR, K-12 STEM, testified in support of program funding for science and math programs throughout the state. She highlighted the importance of engaging students in science through robotics and sea perches. She stressed the importance of technology education for the future leaders of the state.

[6:02:52 PM](#)

DOUG BRIDGES, SOUTHEAST SENIOR SERVICES, urged support of the inclusion of \$3 million in matching funds for public transportation. He expounded on the transit needs of seniors in the community. He pointed out that both rural and urban communities benefit from public transportation.

[6:04:56 PM](#)

DAVE JONES, ASSISTANT SUPERINTENDENT, Kenai Peninsula SCHOOL DISTRICT (via teleconference), testified in support of the request for \$10 million to build the natural gas transmission pipeline from Anchor Point to Homer and Kachemak City. He estimated the savings for the five

affected schools at \$260 thousand per year. He urged the inclusion of the project in SB 46.

[6:06:08 PM](#)

FRED STURMAN, SELF, wished to remind the committee that the state was running out of money and the projects listed in the capital budget would not be sustainable. He expressed appreciation for his two minutes of testimony.

[6:08:08 PM](#)

WILLARD DUNHAM, MAYOR, CITY OF SEWARD (via teleconference), spoke in support of the \$210 thousand Maritime Protection Upgrade. He detailed the various improvements necessary for the center to remain viable. He urged support for the \$1 million AVTEC, Alaska's Institute of Technology deferred maintenance request. He urged consideration of both projects.

[6:11:28 PM](#)

BOB MEDINGER, SITKA HISTORICAL SOCIETY (via teleconference) testified in support of the State Library Archives and Museum project. He stated that the existing buildings were in need of maintenance. The state purchased the land and accomplished the design work for the combined building.

[6:12:40 PM](#)

GERRY HOPE, THE RIDE, SITKA (via teleconference), urged support for the contribution of \$3 million to provide matching grant funds for operating expenses for local tribal and federally funded public transit projects in Alaska. He noted positive impacts for Sitka with the potential expansion of services.

[6:14:01 PM](#)

JOE D'ELIA, KODIAK PUBLIC LIBRARY (via teleconference), testified in support of funding for state public library's new construction major expansion grant program for communities such as Kodiak, Ketchikan, Skagway, and Soldotna. The communities submitted grant applications and were ready to move forward with their library project. He identified the various upgrades needed to improve the Kodiak Library.

[6:15:28 PM](#)

LARRY DEVILBISS, MAYOR, MAT-SU BOROUGH (via teleconference), spoke in support of the rail extension to Port MacKenzie. He expounded on the many ways in which the state would benefit

from the project, particularly in the area of exportation. He requested the additional \$35 million.

[6:17:36 PM](#)

PATTY HOLMES, PUBLIC LIBRARY ASSOCIATION (via teleconference), urged additional funding for public library construction grants. She detailed the various ways in which the library was a community hub. She requested additional funding.

[6:19:06 PM](#)

PAT HOLMES, KODIAK (via teleconference), spoke in support of fisheries funding - particularly in the Kodiak area.

[6:20:45 PM](#)

JAMES GARHART, SELF, WASILLA (via teleconference) made suggestions regarding capital spending. He spoke of money that should have been put in the Constitutional Budget Reserve (CBR) under Pat Galvin. He was in strong support of forward funding of the budget.

[6:23:00 PM](#)

VERGIE THOMPSON, MAYOR, CITY OF HOUSTON, WASILLA (via teleconference), urged support for an additional tanker of water to support the City of Houston.

[6:24:59 PM](#)

JENNY PEGITANO, PALMER (via teleconference), testified in support of \$200 thousand in capital funding for Family Centered Services of Alaska. The service would reduce the number of children requiring intensive residential care in the future and provide additional space to train foster parents.

[6:26:08 PM](#)

BETH FREAD, SELF, PALMER (via teleconference), urged support of the Rail Extension Project's additional funding of \$35 million. She believed that the extension would bring jobs to the state and aid export.

[6:27:45 PM](#)

ARDEN MILLER, SELF, WASILLA (via teleconference) testified in support of an additional \$35 million for the rail extension. She highlighted the myriad of ways that the state would benefit from the project.

[6:29:21 PM](#)

CARL GAMBLE, SELF, PALMER (via teleconference), spoke in support of funding for the Port MacKenzie rail extension. He stressed that the state required jobs and the railway would create them. As a resident he expressed full funding support for the project.

[6:30:45 PM](#)

MARVIN YODER, CITY OF WASILLA (via teleconference), requested an amendment to the budget for road improvements. He mentioned the \$7 million request for road extensions that would reduce congestion. He added the priority of a connection between the airport and the Federal Emergency Management Agency (FEMA) center.

[6:31:54 PM](#)

VERNE RUPERT, MAYOR, CITY OF WASILLA (via teleconference), echoed the testimony of Mr. Yoder. He urged support for funding road improvements. Additionally, he urged support for the Rail extension.

[6:33:15 PM](#)

SHANE LINSE, SELF, WASILLA (via teleconference), spoke in support of the Port MacKenzie Rail Extension. The spur line was a key component to the expansion of Alaska's infrastructure. The line created short and long term employment for construction, maintenance, and extraction of natural resources.

ELIZABETH GAY, MAT-SU BOROUGH (via teleconference), urged support for the Port MacKenzie rail extension with the full \$35 million. She stated that the value of mineral production was estimated at approximately \$1 billion over 100 years.

[6:35:58 PM](#)

CINDY BETTINE, SELF, WASILLA (via teleconference) testified in favor of the governor's request of \$20 million for the Port MacKenzie rail extension along with the additional \$35 million necessary to complete the project. She spoke to the need for living wage jobs in the community. She stated that MatSu's population had doubled, which required that citizens commute to Anchorage or Prudhoe Bay for work. She stated that the Port MacKenzie rail extension would provide local employment for the MatSu area.

[6:37:38 PM](#)

LAKE WILLIAMS, IUOE 302, FAIRBANKS (via teleconference), urged full funding for the Port MacKenzie rail projects. He echoed prior testimony about the project's benefits. He

requested additional funding of \$44 million for the railroad project in Fairbanks. He spoke in support of the Fairbanks Natural Gas Port Authority Project.

[6:40:12 PM](#)

HEATHER ARNETT, ASSOCIATION OF ALASKA HOUSING AUTHORITY (via teleconference), testified in support of funding \$11 million to construct new housing throughout the state. The new units would address overcrowding in homes that are severely substandard. Fully funding the supplemental grant program from the governor's amount of \$7 million to \$11 million would mean that 254 new homes and apartments could address the need for new housing throughout the state. Full funding would also result in rehab of 187 units.

[6:42:09 PM](#)

CHRIS REITAN, GALENA CITY SCHOOL DISTRICT (via teleconference), urged support for funding to replace a building lost in a fire. He stated that remodeling the building on the Galena Air Force Base was the most practical option, with the appropriation request of \$1.1 million. He explained that the district had \$1.1 million in savings for the project.

[6:44:18 PM](#)

JOHN TRONRUD, PORT CHAIRMAN, SKAGWAY (via teleconference), urged support for the \$10 million appropriation for the Port of Skagway. He said that the port's project would provide jobs and add to Skagway's infrastructure. He stated that the project would support the Yukon region as well.

[6:46:44 PM](#)

TOM CORRIGAN, CITY MANAGER, GALENA (via teleconference), urged full support for both Galena city projects in the governor's capital budget requests.

[6:48:10 PM](#)

RANDY PHILLIPS, TEAM ALASKA/ARCTIC WINTER GAMES, EAGLE RIVER (via teleconference), urged support for the \$315 thousand appropriation required to send athletes to the Arctic Winter Games in Whitehorse.

[6:48:51 PM](#)

MIKE ROBINSON, ALASKA LIBRARY ASSOCIATION, ANCHORAGE (via teleconference) urged support of the public library construction grant program and for State Library Archives and Museum funding.

[6:50:27 PM](#)

ANDI NATIONS, STATEWIDE INDEPENDENT LIVING COUNCIL, ANCHORAGE (via teleconference), urged support of \$3 million for a state matching fund for public and community transportation programs. She stressed that cuts to the programs hurt seniors and disabled Alaskans. She maintained that community transportation services help stimulate the community and provide jobs.

WILLIAM T. SIMS, OPERATING ENGINEER LOCAL 302, ANCHORAGE (via teleconference) urged support for the Port MacKenzie rail extension. He believed that the project would create thousands of jobs and bring other benefits through economic diversification.

[6:54:24 PM](#)

PATRICK REINHART, ANCHORAGE (via teleconference), spoke in favor of support for \$3 million in public transit funding. He stressed that public transit provided an economic driver for communities. He stressed the importance of public transit for seniors in the community.

[6:55:26 PM](#)

DAVE PATTERSON, VOLUNTEER, ALASKA FIRST PROGRAMS, ANCHORAGE (via teleconference), urged support for the K-12 science technology and engineering and math initiative (STEM). He highlighted that participation in the program opened the door for students in the state to receive scholarships for higher education. The funding request would ensure the continuation of the program and enable support for the youth who participate.

[6:58:49 PM](#)

DAVID HANSON, ECONOMIC DEVELOPMENT DIRECTOR, MAT-SU BOROUGH (via teleconference), spoke in support of the Port MacKenzie rail extension. He emphasized the long term economic benefits for the state. He stated that the construction, planning, and coordination for the projects were organized by a competent team.

[7:01:14 PM](#)

GARY HANSON, SKAGWAY PORT COMMISSION, testified in support of the governor's \$10 million capital budget request of \$10 million for the Skagway Port development. He stressed that the appropriation would provide necessary jobs in Skagway. He believed that the project would be self-sustaining with user fees.

[7:03:23 PM](#)

BART MEYER, BARANOF ISLAND HOUSING AUTHORITY, spoke in support of AHFC's supplemental housing authority grant program. He requested an increase in funding to \$11.34 million in the form of an additional state general fund appropriation.

[7:04:49 PM](#)

DOUG ISAACSON, NORTH POLE (via teleconference), spoke in support of the Fairbanks municipal area transportation request of \$15 million. He supported the Alaska Railroad's request of \$44 million to complete the Tanana Bridge and crossing. He spoke of a sewer line break in the water treatment plant recently, and the trouble caused by it. He requested \$150 thousand to procure a response vehicle for the city.

[7:08:03 PM](#)

BARRY DONNELLAN, SELF, FAIRBANKS (via teleconference) testified in support of the railroad extension to Port MacKenzie. He explained that the connection would benefit the mine and provide jobs.

[7:09:02 PM](#)

CYNTHIA BURNS, VICE PRESIDENT OLD HARBOR NATIVE CORPORATION, OLD HARBOR (via teleconference), urged support for the airport extension program in Old Harbor.

[7:10:12 PM](#)

KEVIN GADSEY, KETCHIKAN (via teleconference), testified in support of the \$3 million in the capital budget for public transit programs. He stressed that many people use public transportation for financial reasons.

[7:12:14 PM](#)

PAM ROBINSON, SUNSHINE CLINIC, MAT-SU (via teleconference), testified in support of \$450 thousand for an additional public health clinic in Mat-Su.

[7:14:44 PM](#)

KIRK HARDCASTLE, RESEARCH TECHNICIAN, ALASKA CENTER FOR ENERGY AND POWER, urged support for continued funding of the STEM program. The request was for \$250 thousand.

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

#

ADJOURNMENT

The meeting was adjourned at 7:17 PM.