

SENATE FINANCE COMMITTEE

March 1, 2012

9:01 a.m.

9:01:35 AM

CALL TO ORDER

Co-Chair Stedman called the Senate Finance Committee meeting to order at 9:01 a.m.

MEMBERS PRESENT

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

MEMBERS ABSENT

None

ALSO PRESENT

Jerry Burnett, Director, Administrative Services, Department of Revenue; Jeff Ottesen, Director, Program Development, Department of Transportation and Public Facilities; Mike Lukshin, State Ports & Harbors Engineer, Department of Transportation and Public Facilities; Roger Maggard, Rural System Airport Development Manager, Department of Transportation and Public Facilities; Michael Vigue, Planning Chief, Department of Transportation and Public Facilities; Mike Coffey, Chief, Statewide Maintenance, Department of Transportation and Public Facilities

PRESENT VIA TELECONFERENCE

Joe Dubler, Vice President & Chief Financial Officer, Alaska Gasline Development Corporation; Dan Fauske, President, Alaska Gasline Development Corporation; Les Campbell, Budget Director, Alaska Housing Finance Corporation

SUMMARY

SB 160 BUDGET: CAPITAL

SB 160 was HEARD and HELD in committee for further consideration.

#sb160

SENATE BILL NO. 160

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

[9:02:44 AM](#)

^DEPARTMENT OF REVENUE

[9:02:44 AM](#)

JERRY BURNETT, DIRECTOR, ADMINISTRATIVE SERVICES, DEPARTMENT OF REVENUE, introduced himself.

RN 54532

Child Support Services Case Management System Modernization Plan

\$1,637,000

Mr. Burnett explained that the project is the initial planning phase to determine the most efficient and cost effective way to modernize the current Child Support Services Division (CSSD) case and financial management system known as Northern Support through Automated Resources (NSTAR). The goal of the entire modernization effort is to provide a system that will enhance the division's ability to meet the child support services needs of the citizens of Alaska. The modernized system will better meet the functional needs of users within the division. This phase of the modernization effort will have two primary areas of focus. One area relates to the business aspect of the new system and includes identifying business requirements and any redesign of business processes that are required. The other area will define a technical architecture suitable for meeting these business requirements throughout the coming years.

RN 51503

Child Support Services Computer Replacement Project Phase 3
\$204,000

Mr. Burnett stated that this is Phase three of a five-year replacement cycle of the computer, server and printer replacement project. The agency objective is to replace personal computers, printers, servers, network attached storage and supporting devices such as Uninterruptible Power Supplies (UPS) that have exceeded their useful life. With 274 computers in use within the division, a five year replacement plan allows for the replacement of 55 computers annually as well as several servers and duplex printers.

Co-Chair Hoffman asked if the replacement computers would cover all regions of the state. Mr. Burnett responded that the computers would be available across the entire.

[9:05:43 AM](#)

RN 54531

Child Support Services Interactive Voice Response System
Replacement
\$230,000

Mr. Burnett explained that the Child Support Services Division will replace the Interactive Voice Response (IVR) solution currently in use with a system that is integrated into the call center and is actively supported by the vendor. The system replacement will also enable the division to enhance the capabilities of the call center to better serve the public. If the current IVR solution is not replaced in FY13, it will be running in a non-supported and non-maintained environment.

RN 54819

Permanent Fund Corporation Office Space Rewiring
\$50,000

Mr. Burnett stated that replacement of all the Cat-5 wiring with Cat-6 from the server room to the user workstations. Cat-6 wiring has substantially more bandwidth and is the current standard in other state office buildings. Our servers, workstations, and switches are capable of better performance, but the building wiring is the limiting factor. Future network performance will remain limited if this wiring is not replaced.

RN 51753

Alaska Gasline Development Corporation - Year 3 In-State
Gas Project
\$21,000,000

JOE DUBLER, VICE PRESIDENT & CHIEF FINANCIAL OFFICER, ALASKA GASLINE DEVELOPMENT CORPORATION (via teleconference), explained that the Alaska Gasline Project utilizes State general funds (GF) to complete Front End Loading (FEL) segments 2 and 3. The Alaska Stand Alone Gas Pipeline (ASAP) Project Plan is now complete, and serves as a plan for designing, financing, and building the project and making it operational. In developing the plan, AGDC refined engineering and cost analyses and wrote a Plan of Development for the proposed route. Work is continuing with permitting agencies for rights-of-way and environmental impact statement (EIS) activities. The ASAP Project Plan proposes a deliberate approach to defining the project by means of thorough "front-end loading" to make sure that the project is viable before pipe is ordered or ground is turned.

Co-Chair Stedman asked how the item synergized with the Alaska Gasline Inducement (AGIA) project. Mr. Dubler responded that there was work with Alaska Pipeline Project (APP) staff to ensure that there was synergy between the projects. There was an issue of confidentiality between the two groups, because there was a concern that a third party could obtain the data for free.

Co-Chair Stedman surmised that the State was purchasing the data redundantly. Mr. Dubler responded that as soon as a confidentiality agreement was met with APP, they could share the data. He stressed that there was no intent to duplicate studies.

Co-Chair Stedman wondered why there was no funding in FY14.

DAN FAUSKE, PRESIDENT, ALASKA GASLINE DEVELOPMENT CORPORATION (via teleconference), stated that there was an anticipation of funding from other current legislation.

[9:10:54 AM](#)

Co-Chair Stedman surmised that there was \$200 million currently set aside, and this request was for \$21 million.

He wondered why the plan's expense was \$400 million. Mr. Fauske replied that the project would need \$400 million, and furthered that the \$200 million from the prior year was reserved but not appropriated. The request for \$21 million represented the final piece of the project, if the \$200 million becomes available that was needed for the pre-engineering phase. He noted that there was currently legislation that held aspects and pieces of the project funding. He also referred to some bills that dealt with confidentiality agreements.

Co-Chair Stedman queried why \$21 million did not come out of the \$200 million that was already set aside. Mr. Dubler stated that there was an attempt to receive enough funding to complete the front-end loading stage 2 portion of the project, and added that \$200 million and \$21 million combined would be enough to complete.

Co-Chair Stedman indicated that he would like to have a discussion with OMB regarding the "burn rate", and exactly when the funds would be needed, and how quickly the funds would be utilized

Co-Chair Hoffman wondered if there was an assumption that the legislature would pass HB 9. He asked why there would be references in the appropriation to legislation that had not yet passed. Mr. Fauske responded that he never assumed anything, but was attempting to explain how they might get the \$400 million.

Co-Chair Hoffman wondered why there was a reference to ASAP in the appropriation. Mr. Fauske replied that ASAP should really be referred to as the Alaska Gasline Development Corporation.

Senator McGuire stated that the ASAP terminology was created by her office. She furthered that the allocation was still directed to the Alaska Gasline Development Authority and declared that the terminology was simply referencing the completion of the ASAP plan.

[9:16:39 AM](#)

Co-Chair Hoffman stated that he identified ASAP with current legislation. He felt that any pending legislation should only be referred to in a proposed project after the legislation was passed.

Senator McGuire agreed with Co-Chair Hoffman, but stated that HB 369 identified the group and did not assume the passage of HB 9, but were merely using terminology that was used in the legislative process.

Senator Thomas wondered if the gas line would still be reasonable to build, if there was a potential for exporting of gas, based on a potential discovery of more gas in Cook Inlet. Mr. Fauske replied that during the interim. There were some announcements made about potential gas discoveries in Cook Inlet. Any gas that is discovered would be considered for use in the pipe line, but the job was to specifically address Prudhoe Bay, because those zones already have available gas. He felt that they were at least three years from any completed data on the size, validity, and flow rates of the Cook Inlet gas. He stressed that if gas was discovered and useable in Cook Inlet, it could flow in the pipe line either north or south.

[9:22:55 AM](#)

Senator Thomas stated that his concern was with the concept of waiting three years for the evaluation. He wanted the purpose of the pipe line to be inspected to determine the overseas potential regarding import and exporting. Mr. Fauske responded that there were ongoing discussions held in EIS hearings. He stressed that the work was continuing and the project was moving forward.

Co-Chair Stedman thought there were many things to discuss on the project and hoped that in that in the future, representatives of the Alaska Gasline Development Corporation would be there in person to speak to the appropriations. Mr. Fauske remarked that he was embarrassed that there was not representation present.

RN 54796

AHFC Domestic Violence Housing Assistance Program
\$1,328,400

LES CAMPBELL, BUDGET DIRECTOR, ALASKA HOUSING FINANCE CORPORATION (via teleconference), explained that Domestic Violence Rental Assistance utilizes State General Funds to address the needs of homeless or near-homeless families who are victims of domestic violence or sexual assault. These same families might otherwise qualify economically for the

federal Housing Choice Voucher program. However, because demand for vouchers far exceeds the supply, the targeted families are unlikely to receive assistance in time to address their immediate needs. The AHFC will administer the funds through essentially the same mechanism and same locations as the federal Housing Choice Voucher program.

[9:28:57 AM](#)

Co-Chair Stedman stated that he would like to have AHFC to postpone their explanations of the projects, and give their presentations in person at a later date.

^DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

JEFF OTTESEN, DIRECTOR, PROGRAM DEVELOPMENT, DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES, introduced himself.

RN 48310

Alaska Marine Highway System - Alaska Class Ferry
\$60,000,000

Mr. Ottesen explained that the Alaska Class Ferry will be the next generation of ferries for the Alaska Marine Highway System (AMHS). The design will incorporate state-of-the-art safety features and data gleaned from past projects. As replacements for certain existing vessels, these new vessels will be added to the fleet to operate on routes within Alaska's inside-waters. These new vessels will be an important step in the continuing goal of AMHS to maintain a safe, reliable and modern fleet of ferries. 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 43056

Anchorage - Midtown Traffic Congestion Relief
\$10,000,000

Mr. Ottesen stated that the Midtown Congestion Relief project will extend the controlled access portion of the Seward Highway through the busiest 4-way intersection in the state (36th Avenue). Traffic along this corridor is expected to roughly double in the next twenty to thirty years, and without dramatic improvements, congestion will significantly increase especially in the midtown region. It is estimated that the congestion at 36th Avenue creates

approximately 250 driver hours of delay every weekday afternoon. Currently, all signalized intersections on this stretch of the highway are at level of service E or F on a scale of A to F. These intersections also include some of the highest accident locations in Anchorage and the State of Alaska. This project will eliminate the at-grade turning conflicts, and greatly improve safety on this corridor. 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 50770
Statewide Digital Mapping Initiative
\$15,936,168

Mr. Ottesen explained that the project will advance the data acquisition and development of the Digital Elevation Model (DEM) which is a fundamental component of the Statewide Digital Mapping Initiative (SDMI). The FY2013 funding will be targeted towards Northwest Alaska and the Arctic. The DEM is a foundational to all infrastructure development. United States Geological Service (USGS) topographic maps are over 50 years old, and are out of date. Alaska lacks a statewide digital elevation dataset of any kind. Accurate elevation is foundational to infrastructure development and greatly enhances economic development, the preservation of human life (disaster response, mitigation and recovery), and the advancement of physical science.

RN 52103
Fairbanks Metropolitan Area Transportation System (FMATS) -
Transportation Improvement Program
\$7,500,000

Mr. Ottesen stated that the project will supplement existing federal funding to fund projects within the approved FMATS Transportation Improvement Program (TIP) and continued funding to support the operations of the FMATS Coordinator's office. This project is of primary importance to the FMATS Policy Committee.

RN 54074
United States Army Corps of Engineers - Arctic Ports Study
\$1,500,000

Mr. Ottesen explained that the capital request is to fund year two of the Arctic Ports Study in conjunction with the United States Army Corps of Engineers (USACE). The purpose of this study is to identify potential Arctic deepwater port sites (minimum of -35 feet) that would be a long-term vital asset to national security and to the State's economy.

RN 50862

Umiat - Airport Survey and Property Plan
\$250,000

Mr. Ottesen stated that the project would survey the Umiat Airport and update the Umiat Airport Property Plan. The runway centerline at the Umiat Airport is not monumented and the airport boundaries are not clearly identified. Thus, aviation lease lots are undocumented, making it difficult to deal with leaseholder issues.

RN 52497

Northern Region Material Site Reconnaissance
\$250,000

Mr. Ottesen explained that the material site property lines throughout the Northern Region have not been land-surveyed (confirmed with monumentation) in years and the exact boundaries of almost every site in the region are unknown. This project would provide for a site survey of various essential material sites throughout the region and field staking so corners can be found well into the future. This information is critical for the future development of maintenance and operations (M&O) crushing contracts that serve both federal preventative maintenance projects and M&O's routine maintenance activities.

[9:34:53 AM](#)

RN 54136

Project Acceleration Account
\$2,500,000

Mr. Ottesen stated that the account is intended to accelerate projects and realize efficiencies in two distinct manners: 1) to ensure the completion of non-federal funded projects stalled for reasons of insufficient funding and 2) to fund steps within federally funded projects that can significantly accelerate the completion

of such projects in a manner not possible with federal funds alone.

Co-Chair Stedman remarked that two years prior, the Senate Finance Committee had removed "excess cash" from the DOT?PF system. He surmised that DOT/PF planned to have more flexibility and report back to the legislature annually. Mr. Ottesen replied that an annual report was in the plan.

RN 54091

Statewide- Community Bridge Rehabilitation/Replacement
\$3,000,000

Mr. Ottesen explained that there were numerous off-system bridges - those not located on the higher level roads known as the Federal-Aid system - located in Ketchikan and the Matanuska-Susitna, Kenai Peninsula, Fairbanks-North Star, Juneau Boroughs, and other locations that are in poor condition. This funding would work toward correcting or replacing bridges using a priority based on the structural rating and other factors of these bridges.

Senator Olson wondered how far geographically the plan extended, specifically the deteriorated bridge in Ambler. Mr. Ottesen responded that the plan included funding for exactly that type of project.

RN 54164

Safety
\$32,530,000

Mr. Ottesen declared that projects with predictable safety benefits that are realistically described and documented. This would include projects within Highway Safety Corridors, as identified in the strategic Highway Safety Plan and other areas, intersections or corridors where safety factors are more intense than typical. For aviation, it would address community airports that are substandard in terms of field dimensions, approaches, or the absence of lighting. The goal is to address those key projects that really can make a difference in outcomes.

RN 52034

Alaska Aviation Safety Program
\$2,500,000

Mr. Ottesen explained that this project seeks to reduce aviation accidents, focusing on air charter operations in Alaska. Project sponsors developed a real-world software based pilot training product for use in aviation simulators to help pilots train in a real-world simulated environment. The advanced training program depicts terrain, faithfully depicts regional weather conditions, and evaluates a pilot's decision making ability. This request seeks to expand initial success to other air corridors identified by the air service industry.

[9:38:48 AM](#)

RN 54751

Highway Safety Corridor - Knik-Goose Bay Road Safety Corridor Improvements
\$10,000,000

Mr. Ottesen stated that the project funding will be used for design and construction of safety improvements along the Knik-Goose Bay Road Corridor; one of four designated highway safety corridors in the state.

Senator McGuire stated that she had worked on an initiative with the Alaska Moose Federation to address the moose collision problem. She stated that there was an idea to move some moose to locations in Alaska where there was a decline in food supply. She wondered if there had been an examination of the impact of moose collisions and possible preventative measures. Mr. Ottesen replied that they had worked quite a bit with the Alaska Moose Federation, and there was an analysis of locations where moose collisions often occur. In order to prevent moose collisions, vegetation was cut far back away from the road.

RN 54158

Highway Safety Corridor - Seward Highway at Alyeska Highway Intersection Improvements
\$5,000,000

Mr. Ottesen explained that funding would be used to construct a divided intersection on the Seward Highway at the Alyeska Highway to allow queuing for left-turning vehicles. Cost savings are realized by eliminating 1.5 years of federally mandated environmental work and two years inflation for construction and utilities. Project would eliminate the potential for further commercial access

on the inlet side of this intersection potentially exacerbating access problems and turning movement conflicts at the junction of this State Highway Safety Corridor and the Alyeska Highway. Needed ROW could be acquired early in the design process using state funds; this would not be possible using federal funds. Protective ROW purchase limits future commercial development; development of this property could make it cost prohibitive to purchase in the future. The use of state funds avoids the need to reevaluate the approved federal environmental document. Project is first step toward improving Safety Corridors as 4-lane divided highways.

RN 54398

Highway Safety Corridor - Seward Highway - Widening to Address Congestion
\$10,000,000

Mr. Ottesen explained that the project funding will be applied to the Windy Corner section (MP 105 to 107) to address safety issues and provide tourist and recreational amenities on a tightly curved portion of the Seward Highway that has a high percentage of the total accidents between Anchorage and Bird Point along the Turnagain Arm. Total cost of this project is likely to approach \$80 million, and thus it will be pursued in stages. Stage 1 will relocate the railroad to a revised alignment. Stage 2 will build the southbound lanes. Stage 3 will complete the northbound lanes and a major scenic turnout. In addition to these costs there will additional costs for design and right-of-way.

RN 50762

Highway Safety Corridor - Sterling Highway - Sterling to Soldotna Widening
\$1,730,000

Mr. Ottesen explained that the project will widen the Sterling Highway between Sterling and Soldotna. This facility is a designated highway safety corridor due to the high incidence of fatal and major injury crashes. A 4-lane divided highway provides the greatest safety benefits by physically separating opposing lanes of traffic and is the preferred solution, though other solutions will be considered depending on site conditions. Sufficient right-of-way exists to accommodate the widening.

[9:43:43 AM](#)

Co-Chair Hoffman asked if the plan covered all the safety projects. He noted that he did not see any safety issues from rural Alaska. He wondered if there were any projects for trail markings in rural Alaska. Mr. Ottesen responded that they had done several trail marking projects but that the federal land management agencies struggled about whether the projects were allowed. He agreed to provide further information.

Co-Chair Hoffman observed that there were regional and tribal entities that could be contracted to work on the issues with the federal government.

RN 54399

Kenai - Kalifornsky Beach Road and Bridge Access Road
Pedestrian Paths
\$3,000,000

Mr. Ottesen stated that the project will construct a pathway along Kalifornsky Beach Road from the termini of the existing pathway (just east of Mallard Road) to Cannery Road, a distance of 1.9 miles. Portions of the pathway will be separated, but the majority will be attached to existing roadway. Project will also provide preconstruction work for a pathway along Bridge Access Road between the Kenai Spur Highway and Kalifornsky Beach Road.

RN 33855

Statewide - Structural Inspection of State Owned Facilities
\$300,000

Mr. Ottesen explained that this appropriation will support the Department of Transportation and Public Facilities' (DOT/PF) compliance with AS 35.10.050's requirement to examine existing public buildings and report on their condition. Many of DOT/PF's buildings are approaching the end of their design life and will require either renovation and/or replacement. This funding will provide for inspection and reporting on facilities that DOT/PF has concerns about the building's structural integrity. This will identify the scope of any structural deficiencies and allow for the prioritization of future work on these facilities.

[9:47:11 AM](#)

MIKE LUKSHIN, STATE PORTS & HARBORS ENGINEER, DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES, introduced himself.

RN 49780

Municipal Harbor Facility Grant Fund (AS 29.60.800)
\$23,093,100

Mr. Lukshin explained that the 50/50 harbor grant program continues to show strong local interest. Ten municipalities from across the state submitted applications requesting a total of \$23,093,066 in matching state funds for FY13. This represents a 9.5 percent increase in state funding requests as compared to last year. If fully funded by the Governor and the Legislature, the department can take credit in providing over \$46 million towards local "construction ready" harbor projects. The harbor projects are locally managed and therefore require minimal department staff resources.

Senator Olson observed that there were only requests for FY13, and queried the plan for subsequent years. Mr. Lukshin stated that the program would be fully funded in the current year, and hopefully fill the need for the subsequent year.

[9:50:01 AM](#)

RN 54165

Asset Management
\$44,500,000

Mr. Lukshin explained that projects that fulfill our obligation to keep the existing system in a good condition, and reverse the increase in unfunded maintenance. Strong reliance should be given to existing performance measures and management systems (maintenance, pavement, bridge) to identify key investment targets and strive to reduce our tendency to focus on "worst first". Reliability is a major consideration, given that many areas of the state lack reliable transportation links. When a ferry or bridge is not in service, one or more communities can be stranded. This includes projects that improve the reliability and long term availability of the transportation route or asset.

RN 33853

Aggregate Surfacing Materials
\$2,000,000

Mr. Lukshin stated that this project makes available crushed aggregate surfacing materials that can be used for maintenance on state-funded rural highways across the state. Doing this in conjunction with large federal-aid highway projects achieves significant savings. Surfacing materials will be a bid item in major projects on the Taylor, Elliott, Denali, Tok Cutoff, Steese, Glenn, Richardson, and Alaska Highways. This material is used as surface course on gravel roads and as cover coat in high float patches on asphalt highways.

Co-Chair Stedman noted that there were some areas of the state that had intense snow removal issues, and he wondered if those communities needed more deicing materials. Mr. Ottesen stated that it had been a big year for deicing materials and the state had experienced a big snow year. They had moved operators around the state, and they were trying to use their assets as necessary.

Co-Chair Stedman declared that the committee would be interested in seeing that DOT/PF was fully equipped to handle rough winters.

RN 30624

Alaska Marine Highway System - Vessel and Terminal Overhaul
and Rehabilitation
\$10,000,000

Mr. Lukshin stated that the Alaska Marine Highway System (AMHS) requires annual maintenance and overhaul on vessels and at terminals, particularly component or system failures which will impact service in the short term. Annual overhaul of vessels is necessary to pass United States Coast Guard (USCG) inspections and obtain a Certificate of Inspection necessary to operate.

RN 50785

Dalton Highway Corridor Surface Repairs
\$7,500,000

Mr. Lukshin explained that the Dalton Highway is a heavily used highway running adjacent to the northern half of the Alyeska pipeline. It is imperative to pipeline and oil field operations, as well as for continued revenue to the

State, to continue to improve and maintain this important state asset. This funding will provide heavy maintenance for the highway and aviation facilities in the Dalton Corridor. The continued surface maintenance on the Dalton Highway includes resurfacing and raising grades, dust palliative, drainage repairs, guardrail repair/replacement, and stockpiling material.

RN 54157

Seward Highway - Milepost 75 - 90 Bridge Replacements
\$10,000,000

Mr. Lukshin stated that the funding would be used to replace up to eight bridges on the Seward Highway from milepost (MP) 75 to MP 90.

[9:54:56 AM](#)

RN 30628

State Equipment Fleet Replacement
\$15,000,000

Mr. Lukshin explained that the money would be used for the replacement and/or refurbishment of equipment and vehicles which have reached the end of their useful life cycles and all extension periods, and continued conversion of vehicles to alternate fuel and related alternate fuel program expenses.

RN 48798

Central Region - Sand Storage Buildings
\$1,000,000

Mr. Lukshin stated that additional funding was required to meet the minimum requirements of the Environmental Protection Agency (EPA) Municipal Separate Storm Sewer System (MS4) Permit, which requires the State to have covered sand storage facilities. If the funding is not provided the Department is at risk for being fined for Notice of Violations from EPA for not being in compliance with the MS4 permit. Fines could potentially exceed \$30,000 per day.

RN 30634

Emergency and Non-Routine Repairs
\$2,000,000

Mr. Lukshin explained that these funds can also be used to meet imminent failure needs caused by extended deferred maintenance or in assets that are well past their design life and where failure is imminent. Examples would be the replacement of a major highway cross culvert where failure is imminent and the failure could result in a prolonged closure of a major highway. Other examples of an imminent failure include imminent slope failures and/or areas of accelerated erosion adjacent to a highway, airport, or building that requires immediate stabilization to prevent damage to the state's asset.

RN 34752
Commercial Vehicle Enforcement Program
\$1,750,000

Mr. Lukshin announced that the funding would be used to reduce the number and severity of accidents involving commercial vehicles through safety inspections, educational programs, and compliance reviews.

RN 31375
Cooperative Reimbursable Projects
\$17,000,000

Mr. Lukshin explained that reimbursable work is done for specialized services provided to federal and other non-state agencies. Federal Reimbursable authority may also be used for projects approved for the Denali Commission Transportation Program.

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

Mr. Lukshin explained that the proposal was for special national discretionary funding for highways, ferries or airports may be accepted through this appropriation. These funds are also used when project costs have increased, a revised program is not feasible and immediate additional funding is required to avoid project delays.

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

Mr. Lukshin announced that emergency federal funds are available from the Federal Highway Administration for declared emergencies. Money spent within 180 days of a declared emergency are funded at 100 percent federal; after the 180th day, about 9 percent state match is required. This appropriation may be used to address issues of an emergency nature with federal airport or highway formula funds.

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

Mr. Lukshin explained that the funding would be used for competitive grants from the Federal Transit Administration that are administered by the department for transit vehicles for elderly and handicapped transportation and capital and operating expenses of transit operators.

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

Mr. Lukshin explained that the Alaska Highway Safety Office coordinates highway safety programming through federally funded grants directed toward public outreach and education; enforcement; promotion of new safety technology; integration of public health strategies; collaboration with safety and private sector organizations; and cooperation with state and local governments.

RN 41923
Other Federal Program Match
\$900,000

Mr. Lukshin explained that the request was for a state match required for federal programs funded by the National Highway Transportation Safety Administration, the Federal Motor Carrier Safety Administration and the Federal Transit Administration.

RN 52032
Public Transit Programs State Match
\$1,000,000

Mr. Lukshin announced that the request would provide funding to match local funds in order to encourage local government support for public transportation systems.

9:59:28 AM

Senator Ellis complimented DOT/PF for this request. He queried the success of the first phase of the project, and asked for more detail regarding the current request. Mr. Ottesen stated that DOT/PF was able to use about one-tenth of the requested money, but remarked that the recipients felt that any funding was helpful. He stressed that buses were extremely important to Alaska, because of the high cost of living. Gas prices were very high, and pointed out that 60 to 70 percent of Costco employees commuted to work via bus.

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

Mr. Lukshin explained that the funding would be used for a statewide program for safety education or highway improvements funded from incentives for .08 percent blood alcohol limit laws and by sanctions for not having repeat offender and open container laws. Funding is 100 percent federal. Allocation of funds to specific needs will follow the Alaska Strategic Highway Safety Plan.

ROGER MAGGARD, RURAL SYSTEM AIRPORT DEVELOPMENT MANAGER, DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES, introduced himself.

RN 6896
Federal-Aid Aviation State Match
\$11,700,000

Mr. Maggard explained that a state match was required to pursue about \$174 million in federal Aviation Improvement Program funds and provide one-half of the match required for about \$30 million in federal funds for local sponsors' airports. The match will be used for Rural Airport System airports (not Anchorage or Fairbanks). The non-federal match share is 5 percent. These funds may also be used for advanced acquisition of Right-of-Way (ROW) parcels for projects that are eligible for federal funding. This ROW

can be used in lieu of the state matching funds on a federally funded project.

Co-Chair Stedman requested an introduction of the aggregate amount, and stated that there would be individual inquiries for the airport proposals.

RN 7470
Airport Improvement Program
\$230,038,158

Mr. Maggard explained that the funding would be used for federal airport improvements as outlined in the Airport Improvement Program and the International Airports Program.

Co-Chair Stedman surmised that the airport allocations aligned with federal guidelines. Mr. Maggard affirmed.

[10:04:59 AM](#)

Co-Chair Hoffman noted that DOT/PF had requested \$31 million in general funds to address highway transportation safety. He wondered if there was an airport safety issue in rural Alaska that could be addressed. Mr. Maggard replied that DOT/PF had identified \$3.5 million of deferred maintenance funding, which could be related to safety. He furthered that there were currently no other general fund appropriations related to rural airport safety.

Co-Chair Stedman requested broader information regarding the perspective of DOT/PF regarding the need for airport safety improvements.

Senator McGuire wondered how often the International Airport Construction Bond Authority was used, and how much of the Bond Authority would be given in a year: general fund allocations or state/federal match. Mr. Maggard agreed to provide that information.

RN 49130
Kotzebue - Airport and Runway Safety Area Improvements
\$4,415,000

Senator Olson asked if there were plans to upgrade or maintain the gravel pit at the Kotzebue Airport. Mr. Maggard replied that there was a project identified to rehabilitate the gravel runway; however that project was

not included in this allocation. This allocation was specifically intended for the runway safety area expansion.

[10:09:17 AM](#)

Senator Olson wondered which direction they would extend the runway. Mr. Maggard replied that the runway would be extended 200 feet to the east, with some coverts installed to replace the channel in the lagoon. There would be excavation on the high terrain toward the east of the runway safety area expansion.

Senator Olson wondered if Mr. Maggard knew about the elimination of jet service to rural Alaska. Mr. Maggard replied that they had met with Alaska Airlines and that they had indicated they had no plans to bring the Q400 planes to rural Alaska.

RN 47757
Barrow - Airport Master Plan
\$500,000

Senator Olson stated that millions of dollars had been spent to relocate the runway, and wondered what the intent of the allocation would be. Mr. Maggard stated that the airport master plan recommended that all apron and future expansion of the apron be done on the north side of the runway. With the potential for off-shore development, a native corporation had expressed interest in commercial apron space to service oil companies.

Senator Olson stressed that there were many facilities on the south side of the runway, including a rapidly expanding cemetery.

Co-Chair Hoffman wondered what conversations had occurred regarding the development of the apron in the Cold Bay Airport. Mr. Maggard replied that Cold Bay had contacted DOT/PF about the building of an apron to provide access to the terminal. The recommendation was considered and evaluated, and was currently ranked as a lower priority related to other safety needs. The FAA had specific requirements to upgrade the conditions of the pavement surfaces, and maintain them at a higher standards. Much of the current funding would go into the runway surface safety area expansion and the FAA's mandate for improved pavement condition.

10:15:41 AM

Co-Chair Hoffman declared that the apron and access to the terminal went far beyond the needs of Cold Bay, and Alaska's federal delegation had spent millions of dollars to provide medical services and needs to the people of Cold Bay. He indicated that it was disheartening that they were requesting tens of millions for certain projects for federal requirements, and wanted to see more state money for rural projects.

Senator Olson stated that the Cold Bay Airport was one of the alternate runway sites used for heavy jets.

RN 48347
Coldfoot - Airport Improvements
\$1,900,000

Senator Thomas wondered what aspect of the allocation would go toward alleviating the difficulty related to the Koyukuk River erosion. Mr. Maggard stated that the majority of the money would be used for erosion protection, but could not provide a specific dollar amount. He agreed to provide more information.

Mr. Ottesen commented that the FAA was insistent about maintaining pavement, and was an asset management message. The FAA requirement would "push out" other needs that the State felt were important, but it was imperative to pay attention to the federal messages.

10:21:15 AM

RN 32610
Surface Transportation Program
\$461,864,000

MICHAEL VIGUE, PLANNING CHIEF, DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES, stated that the appropriation was for federal surface transportation improvements as outlined in the Statewide Transportation Improvement Program (STIP), the Transportation Equity Act for the 21st Century (TEA-21), and annual federal appropriations acts.

Senator Egan hoped the federal receipts would increase substantially. He felt like \$150 million was not very much

money for federal highway program matches. Mr. Ottesen stated that they did not know what federal money the State would receive after 2013.

Co-Chair Stedman asked if the metropolitan areas were given more funding. Mr. Ottesen agreed to provide more information, but felt like it was a very complicated discussion.

Co-Chair Stedman wondered if there was a shift of focus from the rural areas to more metropolitan areas of the country. Mr. Ottesen replied that there had been discussion about a shift in a prior proposal, but there was a more rural-friendly approach to funding.

[10:28:44 AM](#)

RN 46815
Aleknagik - Wood River Bridge
\$5,000,000

Co-Chair Hoffman queried the justification of the project. Mr. Ottesen responded that the project was first funded in the 2008 bond bill, but the cost of the project now exceeded the bond funds. This allocation expanded the budget to match the latest estimate for the project

Co-Chair Hoffman stressed the project was for a bridge not a road. He stated that the justification for the bridge was because of unsafe travel conditions during the seasonal changes. He said strongly that it was a life and death safety issue. He felt that a safety issue of this magnitude should have been addressed sooner. He requested a report from DOT/PF on the status of all the 2009 bond packages.

Co-Chair Stedman requested that the department provide a status of the bond package. Mr. Ottesen agreed to provide that information. He furthered that the project was held up, because of a Native allotment. He stressed that third party permissions slow down the projects.

[10:33:24 AM](#)

Co-Chair Hoffman stated that there was an alternate route that had been previously identified, so if DOT/PF had chosen to use the alternate route, the safety issue could have been averted.

RN 52325

Alaska Marine Highway System - Fast Vehicle Ferry
Propulsion System Replacement
\$22,000,000

Mr. Ottesen stated that they were in litigation with the manufacturer regarding the replacement of the engines. Research leading up to the engine model selection will consider life cycle costs and maintainability within the current regulatory and vessel performance envelope that exists. Through a series of reports and decisions, a range of possible engines/manufacturers will be provided that match these parameters. Design and construction will include work related to regulatory approval of modifications, installations, documentation. Maintenance plan and commissioning, including related stability tests, trial inspections, other state overhaul work and required dry docking were all a part of the proposal.

Co-Chair Stedman how the money would be redirected, if the State of Alaska prevailed in the lawsuit. Mr. Ottesen replied that DOT/PF needed to obligate the funds by allowing the federal partners to take the money and guarantee it for the project, to ensure the court that the money is there, should the State lose.

Co-Chair Stedman inquired if it was new federal money. Mr. Ottesen replied that the money was taken from the annual federal allocation.

Co-Chair Stedman wondered why general funds were not allocated for the project. Mr. Ottesen replied that if the State won the lawsuit, the \$20 million would go back to the federal "pot" and would be available for another project in the state.

Co-Chair Stedman felt that the money could be used for more imperative projects in the state. Mr. Ottesen replied that there were fewer restrictions on ferries, if federal funding was used.

Co-Chair Stedman stated that he would like to have a discussion with OMB, regarding maneuvering money for specific projects.

[10:38:40 AM](#)

RN 54326

Alaska Marine Highway System - Intelligent Transportation
Systems Implementation Plan
\$250,000

Co-Chair Stedman wondered if the title of the project indicated that system was not currently "intelligent." Mr. Ottesen replied that project provides for a security system enhancement and upgrade program for the Alaska Marine Highway System's (AMHS) security camera system located at ten of its main ferry terminals from Homer to Ketchikan.

RN 49175

Glenn Highway - Milepost 34 to 42 Reconstruction - Parks to
Old Glenn Highway
\$20,000,000

Mr. Vigue stated that the project would reconstruct the Glenn Highway to four lanes to include pathway and shoulders. The project will also accommodate turning movements and add traffic and safety improvements as necessary.

RN 49151

Juneau - Glacier Highway Reconstruction - Fritz Cove to
Seaview Avenue
\$10,000,000

Senator Egan wondered if the right-of-way concerns had been addressed. Co-Chair Stedman requested a brief description of the project. Mr. Maggard agreed to provide more information.

Senator Egan explained that the project will reconstruct the Glacier Highway between Fritz Cove Road and Seaview Avenue at Auke Bay to reconstruct segments of road sub-base, widen roadway, flatten curve alignments, improve intersections, drainage systems, resurface roadway, lighting, and guardrail, improve bicycle and pedestrian facilities, and add a center turn lane through the Auke Bay business area.

[10:44:03 AM](#)

RN 51563

Juneau - Mendenhall Valley Street Dust Control

\$2,000,000

Co-Chair Hoffman asked if the department had done studies on other dust control projects and queried how DOT/PF determined the priority of the projects in other areas of the state. Mr. Maggard replied that the dust control projects were generally funded with federal money for congestion mitigation and air quality. There was a process that DOT/PF and the Department of Environmental Conservation (DEC) practice in order to prioritize projects. He understood that there were several rural projects, and stressed that this project was in place to meet EPA regulations on particulate matter.

Co-Chair Hoffman asked if the department had done an assessment of the need for dust control projects, or if municipalities needed to submit proposals. Mr. Maggard responded that the projects reflected a joint effort between DOT/PF and DEC, and there was a document entitled "The State Implementation Plan" that DEC controlled.

Co-Chair Hoffman surmised that if he wanted to know about a dust problem in a particular area of the state, he could contact DOT/PF for that information. Mr. Maggard responded in that he believed that was possible.

Co-Chair Hoffman stated that he would like to see the report on dust control issue across the state, and where the specific dust problems were. He expressed concern that if there were a dust problem, the people of Southeast Alaska should not be advised to burn pellets and wood stoves.

Senator Egan stated that the Mendenhall Valley was a wood-stove ban area. He added that the allocation was a part of the prior year's budget, but was vetoed by the governor.

RN 54332

Parks Highway - Milepost 237 - Riley Creek Bridge Replacement and Access Improvements
\$15,000,000

Senator Thomas would like more information of the project plan for the McKinley Village Bridge. He felt like there were many other bridges that were not "pedestrian friendly", and stressed that there should be a focus on those projects in a future budget.

[10:49:45 AM](#)

RN 54161

Parks Highway - Milepost 194 - Broad Pass Railroad
Overcrossing
\$25,000,000

Senator Thomas alleged that the project was not in House District 7, but rather it was located in the Matsu area.

RN 30648

MH Coordinated Transportation and Vehicles
\$1,050,000

Senator Thomas stated that there were some serious transportation safety issues around schools. Mr. Ottesen responded that the Safe Routes to Schools program had issued several grants to the City of Fairbanks and the Fairbanks School District. He stated that there would be significant changes to make walking and biking so school much safer.

RN 51383

Aviation Deferred Maintenance
\$3,500,000

Co-Chair Hoffman requested a list of the specific deferred maintenance projects.

[10:54:12 AM](#)

MIKE COFFEY, CHIEF, STATEWIDE MAINTENANCE, DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES, stated that the aviation deferred maintenance projects spanned across the state. The focus was mostly on the backlog of deferred maintenance projects, and some of the funding would be used to address many of the safety issues in the airports.

Co-Chair Stedman wondered why there were no projections for deferred maintenance after FY13. Mr. Ottesen replied that it was probably an oversight.

Co-Chair Stedman would like more information regarding deferred maintenance.

Mr. Ottesen concluded that the department was trying to build a ten year plan, because a four year plan was too small of a time period.

Co-Chair Stedman remarked on the unique ability in Alaska to "backfill" the potential federal funds short fall in order to accelerate the DOT/PF construction.

[10:58:25 AM](#)

Senator Olson wondered why the federal match was staying the same, if the federal funds were declining. Mr. Ottesen replied that there would be a drop in federal funding in FY 14, and the match would be calculated against that amount.

Senator Olson wondered how the ice roads would be given guaranteed funding. Mr. Ottesen responded that there had been a little bit of residual money that had enabled them to continue with funding ice roads, and stressed that the community roads needed more funding.

Senator Olson wondered how the ice roads would be funded in the current year. Mr. Ottesen responded that he was unaware of a request for ice road money.

Senator Olson inquired how the Project Evaluation Board (PEB) was involved with STIP. Mr. Ottesen replied that PEB scored some of the community class projects, and a set of 12 criteria was used to rank the projects. He stated that it was hard to compare some projects, mostly rural versus urban. The system was set up so the roads can accurately achieve a high score and funding.

Senator Olson stated that there was an ice road request. Mr. Ottesen replied that he would locate that request.

Co-Chair Stedman noted some challenges in the Southeast Alaska region about how projects were prioritized. He remarked that one region could have less management and control compared to other regions.

Co-Chair Hoffman wondered how quickly the responses could be obtained. Co-Chair Stedman requested a timely response. Mr. Ottesen replied that DOT/PF would keep the committee up to date on when the responses would be expected.

SB 160 was HEARD and HELD in committee for further consideration.

Co-Chair Stedman discussed the following day's agenda

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ADJOURNMENT

11:04:27 AM

The meeting was adjourned at 11:04 AM.