

**ALASKA STATE LEGISLATURE
JOINT MEETING
HOUSE TRANSPORTATION STANDING COMMITTEE
SENATE TRANSPORTATION STANDING COMMITTEE**

January 25, 2011

1:02 p.m.

MEMBERS PRESENT

HOUSE TRANSPORTATION

Representative Peggy Wilson, Chair
Representative Lance Pruitt, Vice Chair
Representative Eric Feige
Representative Craig Johnson
Representative Cathy Engstrom Munoz
Representative Pete Petersen

SENATE TRANSPORTATION

Senator Albert Kookesh, Chair
Senator Joe Thomas, Vice Chair
Senator Dennis Egan
Senator Linda Menard
Senator Charlie Huggins

MEMBERS ABSENT

HOUSE TRANSPORTATION

Representative Max Gruenberg

SENATE TRANSPORTATION

All members present

COMMITTEE CALENDAR

OVERVIEW(S) BY MARC LUIKEN~ COMMISSIONER~ DEPARTMENT OF
TRANSPORTATION AND PUBLIC FACILITIES.

- HEARD

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

MARK LUIKEN, Commissioner
Department of Transportation & Public Facilities (DOT&PF)
Anchorage, Alaska

POSITION STATEMENT: Presented the overview of the Department of Transportation & Public Facilities (DOT&PF).

ACTION NARRATIVE

[1:02:32 PM](#)

CHAIR PEGGY WILSON called the joint meeting of the House and Senate Transportation Standing Committees to order at 1:02 p.m. Representatives Wilson, Munoz, Feige, Pruitt, and Petersen were present at the call to order. Senators Kookesh, Huggins, Menard, Egan, and Thomas were present at the call to order. Representative Johnson arrived as the meeting was in progress. Senator Giessel was also in attendance. [Due to technical difficulties the call to order was taken from log notes and is not on the audio recording.]

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OVERVIEW(s) by Marc Luiken, Commissioner, Department of Transportation and Public Facilities.

[1:04:35 PM](#)

CHAIR P. WILSON announced that the only order of business would be an overview of the Department of Transportation and Public Facilities by Commissioner Marc Luiken. She briefly described Commissioner Luiken's career background.

[1:05:03 PM](#)

MARK LUIKEN, Commissioner, Department of Transportation & Public Facilities (DOT&PF), began his PowerPoint overview by reading the DOT&PF's mission statement [slides 2]. The DOT&PF's mission is to provide for the safe and efficient movement of people and goods and the delivery of state services. He stated he has changed the goal slightly, to add "and efficient," which is a theme that will be present throughout his overview today. The DOT&PF's goal is to bring projects out more efficiently and find more efficient ways to provide transportation to the state. He stressed the importance of being good stewards of the state's resources. Secondly, he pointed out since the federal resources

are diminishing it is vitally important to maximize state and federal resources.

1:08:17 PM

COMMISSIONER LUIKEN said his initial focus at Department of Transportation & Public Facilities (DOT&PF) will be to become familiar with the department. He related his intention to spend considerable time with the organization to better help define its overall vision. He offered his belief that unless "you know where you are going" it is difficult to become successful. He vowed to work with his leadership team to better define the DOT&PF's mission, vision, and values. He suggested that today's PowerPoint overview will outline his initial ideas about the DOT&PF. He briefly discussed the DOT&PF vision [slide 3] and the values [slide 4]. He emphasized the importance of transparency, efficiency, and providing quality services in transportation modes for the state. He said hopes to identify and inculcate these values at DOT&PF, including using the highest ethical standards in the interactions with people and to ensure that the DOT&PF's decisions, actions, and processes are open and understandable, both internally and externally. Finally, his last goal is to provide outstanding service to customers. He hopes clearly defining the DOT&PF goals will orient DOT&PF's staff in the way they think and act.

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COMMISSIONER LUIKEN referred to the organization chart [slide 5]. One change made to the organization is to move the Administrative Services Director, Laura Baker, directly under his authority. He reported his three new deputy commissioners as Pat Kemp, the Deputy Commissioner of Highways & Public Facilities; Steve Hatter, Deputy Commissioner of Aviation; and a new Deputy Commissioner of the Alaska Marine Highway System (AMHS), who will be announced once the Marine Safety Transportation Board (MSTB) has had an opportunity to further discuss the deputy commissioner position with him. He offered some remarks, such that Mr. Hatter's background is similar to his and their approach to issues is similarly aligned so he anticipates continuity on aviation projects. He introduced Captain John Falvey as the Acting Deputy Commissioner of the Marine Highway System. He related that Deputy Commissioner Pat Kemp resides in Juneau and will retain the Division of Design & Engineering Services, Division of Program Development, Division of Measurement Standards & Commercial Vehicle, Enforcement,

Transportation Management & Security, Statewide Facilities, and the State Equipment Fleet.

[1:13:42 PM](#)

COMMISSIONER LUIKEN offered one important criteria he used when selecting his lead staff: leadership skills. He stressed that all three of his Deputy Commissioners are strong leaders. He said that Steve Titus would remain the Regional Director for the Northern Region, Rob Campbell, who was previously the Chief of Design, has accepted the Regional Director's position for the Central Region, and Gary Davis would remain as the Regional Director for Southeast Alaska. He reiterated the importance of having strong leadership at the top of DOT&PF's organization.

[1:15:04 PM](#)

COMMISSIONER LUIKEN turned to funding [slide 6]. He reviewed DOT&PF's funding, relating its operating budget of nearly \$253 million is comprised primarily of Capital Improvement Program (CIP) fund receipts of about \$140 million, with the remaining balance of \$112 million derived from the International Airport System revenue. The interagency receipts and Highway Working Group Capital Fund primarily represent the State Equipment Fleet. He noted the general funds total \$328 million. The Capital Budget of \$664 million represents federal funds Alaska receives. The general funds are comprised of the state matching funds and \$72 million in Highway Safety Program receipts. He related that the \$91 million remaining is derived from AIDEA funding, Highway Working Group Capital, International Airport receipts, and AIS Construction receipts, which are primarily bonds.

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COMMISSIONER LUIKEN reviewed the DOT&PF's Project Prioritization [slide 7]. He stressed that safety is the first priority. The DOT&PF's second priority is sustainment of DOT&PF's Asset Management System, which is comprised of maintaining pavement, bridges, airports, ferries, and transit systems. Next, the priority is implementing the 2030 Long Range Transportation Plan, including the Regional Transportation Plans, the Aviation Improvement Program (AIP), and the State Transportation Improvement Program (STIP).

[1:18:34 PM](#)

CHAIR P. WILSON requested an update on STIP changes at some point in the future, including plans for each region.

COMMISSIONER LUIKEN agreed to do so. He offered spreadsheets that outline changes to the STIP, titled "Central Region Change Summary" which was passed out to members. He offered to highlight a few of the safety programs. He explained that the Highway Safety Program is data driven and helps determine the cost/benefit ratio to the safety projects. The program is funded at \$15 million. The Alaska Highway Safety Office is funded with federal dollars, and is the conduit between the DOT&PF and the Department of Public Safety (DPS). The funds are used for education and outreach. He mentioned he recently participated in producing a commercial spot with DPS, which will be used for public education. This year, beginning next month, the DOT&PF will also update its Strategic Highway Safety Plan. He remarked Safe Routes to School (SRTS), a federally funded program that has had some success, encourages children K-8 to walk or bike to school and the DOT&PF provides safe means for them to do so. Additionally, the program facilitates planning, development and implementation of projects and activities to improve safety, traffic, and fuel consumption around schools. He reiterated that the SRTS program helps make it safer for kids to get to school.

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COMMISSIONER LUIKEN reviewed the governor's priorities, including jobs, safety, roads to resources, and deferred maintenance [slide 8]. He elaborated on the governor's priorities, noting the first priority is to provide jobs for Alaskans. Last year the DOT&PF put out to bid about \$500 million in contracts, which equals jobs, he said. The DOT&PF also helped pave the way for the Alaska Ship & Drydock, Inc. by negotiating some land swaps that will afford the company an opportunity to compete to build the Alaska Class Ferry (ACF). He stated that between funding new roads and opening Alaska's mineral potential, the DOT&PF is also leveraging \$673 million in federal funds for highways and aviation with state matching funds. He characterized this as a big year for the DOT&PF, by putting projects out to bid and in doing so putting Alaskans to work.

COMMISSIONER LUIKEN continued discussing the governor's priorities, turning to the second priority: safety. He said that 2010 was the safest year yet on Alaska's roads. He acknowledged that while any fatality is tragic, that overall

highway deaths were reduced to 57 deaths this past year. He related the DOT&PF's goal for the three-year average of the number of highway fatality deaths is 67, but the DOT&PF surpassed its goal. He reported the three-year average is currently at 61 highway fatalities. He offered his belief that the state has been making progress in highway safety, in part, due to the creation of four highway safety corridors. He explained that through this process, the DOT&PF partners with the Department of Public Safety (DPS) to collaborate and provide improvements in road engineering, education and enforcement. The DPS is responsible for the enforcement portion, and the DOT&PF has worked diligently to engineer roads for greater safety. He detailed that he has worked with Commissioner Masters, DPS, as previously mentioned, on public education. He outlined that the DOT&PF has focused on three primary projects in its Roads to Resources program: the Ambler mining district access, Foothills West road to Umiat, and Western Access, which is often called "the road to Nome." The DOT&PF recently finished a study and identified a preferred alternative proposed to the latter project. The Governor has emphasized these projects, as will the DOT&PF, he vowed.

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COMMISSIONER LUIKEN, in response to Chair P. Wilson, agreed to do provide a future briefing on each of the projects. He continued his overview, stating that \$25 million was in the Governor's DOT&PF budget last year for maintenance and that effort began last summer. He offered his belief an additional \$27 million is included in the FY 12 budget to address deferred maintenance needs across all modes.

[1:26:10 PM](#)

COMMISSIONER LUIKEN reviewed successes [slides 9 & 10] He referred to the photograph in slide 10 depicting some of DOT&PF's successes. He referred to the image on the upper left of the photo of the Tanana River Bridge, located at Alaska Highway Milepost 1303. This \$30 million project started in 2007 and replaced the span bridge, he stated. The new bridge opened this summer, while the old span bridge is currently being deconstructed, and should be completed by 2011. The lower left photo shows the road in the village of Newtok, he said. This strongly supported federal project is being built in conjunction with the U.S. Department of Defense. This year, 1,800 feet of road was completed this year and the department plans to move forward with the evacuation shelter within the next year. The

upper right photo shows the completed Hoonah dock. The terminal should open next month, which is a little behind schedule. Last summer, the DOT&PF Fairbanks International Airport (FIA) opened up direct service to Denver by Frontier Airlines and service to Salt Lake City by Delta Airlines. The DOT&PF plans to add international flights to Europe this summer via Edelweiss Air (Switzerland) which will also complement the current Condor Airlines service from Anchorage to numerous points in Europe. Additionally, DOT&PF plans to add another international carrier with service to Anchorage in 2012. Finally, Jet Blue Airways will begin direct service from Los Angeles to Anchorage this summer, he said.

[1:29:44 PM](#)

COMMISSIONER LUIKEN reported that the Alaska Marine Highway System (AMHS) has installed a fuel management system on several vessels. The fuel management system offers significant fuel savings since the system is automated. He consulted with Captain Falvey, then confirmed the system will be installed on an additional three vessels this summer.

COMMISSIONER LUIKEN pointed out several other projects. This year the DOT&PF completed the Gustavus causeway, which opened up ferry service to serve that community, noting AMHS will provide fulltime service to Gustavus beginning this summer. He reported that this past summer the DOT&PF suffered a significant landslide on the Taylor Highway. The DOT&PF received \$12 million in emergency funding and quickly cleared and reopened the highway. He commended the Northern Region for its efforts during that natural disaster. The DOT&PF successfully designated its American Recovery and Reinvestment Act of 2009 (ARRA) funds, and ranked fifth in the nation in the amount of funds obligated. He mentioned another project, which completed work to open a new runway at Barrow, and also reported that the DOT&PF has completed half of its runway seven extension at the Anchorage International Airport (AIA) and has plans to finish the remaining portion of the project this summer. He remarked that the project will significantly increase the capability of the AIA. It will be able to handle the heaviest new aircraft being brought on in many new fleets.

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COMMISSIONER LUIKEN reported on the successful aviation summit held in Anchorage this summer, which was attended by 18 companies from around the world. The summit was held in an

effort to help participants understand the unique cargo transfer laws that apply in Alaska and Hawaii. He related this summit generated significant interest in Alaska. The Anchorage and Fairbanks airport managers recently spent three weeks in Asia as a follow-up to that summit, conducting 14 meetings in 7 days in 3 different countries. The managers were able to answer questions and generate significant interest by air carriers in using Alaska's international airports. He offered his belief this effort should reap huge benefits to Alaska in the coming years. The department completed paving road resurfacing projects from Anchorage to Palmer, which improved safety and comfort for vehicular travel. He anticipated next year lighting projects will also be completed. The Sterling and Tok weigh stations were finished this summer, which will add additional capability for commercial vehicle enforcement. He remarked that the DOT&PF also held a successful ports and harbors conference in December 2010.

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COMMISSIONER LUIKEN reported on challenges the DOT&PF faces [slide 11]. He reported that the federal transportation and aviation reauthorization bills have not yet be acted on by the Congress. The current funding for the programs is being authorized under a continuing resolution which will expire on March 4, 2011. He said he anticipates another resolution will be passed prior to the Congress taking action on the reauthorization bills. He remarked that it makes it very difficult for DOT&PF to program projects since it the funding level is uncertain and the DOT&PF's projections represent "our best guess." The DOT&PF has been operating on the assumption that the levels will be at the same levels as the current SAFETEA-LU [Transportation Equity Act: A Legacy for Users] transportation funding levels.

1:36:08 PM

COMMISSIONER LUIKEN related proposed changes could result in up to a 20 percent reduction in federal highway funding in Alaska. He said he anticipates that given the fiscal impacts nationally that the state should expect an overall reduction in federal funds. He recalled the governor also discussed the time constraints imposed by the National Environmental Policy Act (NEPA) process. He remarked that the NEPA process slows the DOT&PF's ability to bring projects out to bid. He turned to discuss the AMHS. He related that he instructed Captain Falvey, and will also ask his new deputy commissioner, to work at

creating efficiencies for the AMHS's system to attempt to shrink the state subsidies required. He remarked that the fuel efficiency is one way the AMHS has created cost savings, but the DOT&PF's leadership will continue to work to identify other efficiencies. He said he previously mentioned the natural disaster on the Taylor Highway, noting that other disasters routinely happen. During those times, the DOT&PF must then focus on recovery and not on routine projects. He commented that natural disasters create challenges but these challenges are not insurmountable.

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COMMISSIONER LUIKEN said he opened his overview by describing his vision and characterized this next slide as a good example: "511.Alaska.gov" [slide 12]. He stated that this website represents a method to disperse information to the public. He pointed out that the DOT&PF recently had a significant data base crash. The road weather information provided on that site is a popular one so when it was down for a couple of weeks the commissioner "heard" about it. The DOT&PF remedied the problem with the "501 Alaska" since its cameras have the same capabilities. He also referred to the Project Description Project listing on the "511.Alaaksa.gov" website, which will provide online access to obtain the STIP information timeline. He emphasized the helpful information provided on the website.

[1:41:12 PM](#)

COMMISSIONER LUIKEN referred to the photograph of legislators who traveled on the Dalton Highway last summer [slide 13]. He informed members that the DOT&PF will offer another Dalton Highway tour on June 21, 2011 and welcomed members to participate.

CHAIR P. WILSON remarked that she enjoyed the Dalton Highway tour last year and also urged members to participate in June 2011.

[1:42:46 PM](#)

SENATOR MENARD referred to her district in the Matanuska-Susitna Borough (Mat-Su Borough) and the Knik/Goose Bay Road Highway Safety Corridor. She recalled last summer's traffic fatalities on the Knik/Goose Bay Road and asked whether the department is providing enough resources to ensure safety. She advised that the Matanuska-Susitna valley population has increased to nearly

100,000 residents. She commented that she was very happy about the record of decision from the Federal Highway Administration (FHWA) for the Knik Arm Bridge and Toll Authority (KABATA), which came through in December 2010. She characterized the project as an asset and the project could provide a great exit point in the event of an earthquake. She reported that she currently serves on the KABATA board. She further asked for the total number of employees at the DOT&PF.

COMMISSIONER LUIKEN answered that he reviewed the statistics after the traffic fatality on Knik/Goose Bay Road. He reported that the department has seen a significant decline in fatal accidents on Knik/Goose Bay Road due to the engineering and additional DPS enforcement efforts. He said he thought additional improvements for safety could be made. He offered to provide the traffic data. He also responded that the DOT&PF has approximately 3,600 to 3,800 employees.

[1:46:20 PM](#)

REPRESENTATIVE MUNOZ asked for update on Lynn Canal Highway project.

COMMISSIONER LUIKEN answered that the DOT&PF is awaiting a ruling by the 9th Circuit Court of Appeals ruling. He added that the DOT&PF is prepared to move forward on the next section of that road, that the department has one more permit to complete and could move forward once the federal court ruling is issued. In further response to Representative Munoz, he offered to provide more detail later on the oral arguments in that case.

[1:47:51 PM](#)

SENATOR THOMAS expressed his concern about the DOT&PF contracting out large construction projects, recalling that currently up to 60 percent of the road projects are awarded to out-of-state contractors. He said he was not convinced outside firms can do construct projects "cheaper." He surmised that the DOT&PF has a record of the standard, certainly more so than the design companies that are subcontractors. He asked the commissioner to review that record. He recalled the commissioner's concern that the state might lose 20 percent of FHWA funds, which would amount to \$175 to \$200 million in federal funding. He asked how the state should proceed given that the state may also potentially forego collecting the motor fuels tax. He noted that simultaneously the state continues to build new roads and must also address the deferred maintenance

costs for facilities. He said it seemed to him that the state has a huge bill to pay at the same time is experiencing reduced income while expanding its facilities.

COMMISSIONER LUIKEN answered that he would love to address both concerns in more detail later. He related his initial thoughts are that the DOT&PF will gain savings through organization efficiencies. He related his understanding, with respect to the fuel tax issue, that the motor fuel tax is a Department of Revenue issue so it is not necessarily tied to DOT&PF state or federal funding. He remarked that the amount of money committed to transportation is three to four times greater than the motor fuel tax revenue generated for the state.

[1:52:05 PM](#)

SENATOR EGAN mentioned one big project not previously mentioned is the M/V Susitna, which is being constructed entirely in the state at the Ketchikan shipyard. He characterized the vessel as a state of the art vessel. He said he hopes that the U.S. Navy will build a vessel twice that size in Alaska. He cautioned the commissioner not to forget the Alaska Class Ferry (ACF) as the ferry system is important to coastal communities.

COMMISSIONER LUIKEN agreed that the ACF ferry is a success and is at the 10 percent completion stage.

[1:54:21 PM](#)

SENATOR HUGGINS referred to the Highway Safety Corridors, noting that 50 percent are located in his district. He related his understanding that three signal lights are ready for positioning, but was told that there is a three-year delay for installation. He then commended the significant improvement in Alaska's bike paths to the extent that the public now expects them. He cautioned that safety needs must be "retooled" in areas where bike paths are adjacent to schools. He also suggested revisiting the lease costs on rural airport leases as tenants cannot afford to "park" small planes. He stressed the importance of aviation fuel production in the state.

COMMISSIONER LUIKEN asked to delay his response on the state's Highway Safety Corridors. He answered that the DOT&PF currently is proposing changes to Title 17, Chapter 45, which, in most instances will result in a reduction in lease rates for rural airports. He acknowledged the aviation fuel concerns.

SENATOR HUGGINS, in response to a question, clarified that he was referring to the 100 low-lead (100LL).

COMMISSIONER LUIKEN explained that Alaska responded to the Environmental Protection Agency's (EPA) proposed rulemaking to make 100LL endangerment finding. He elaborated that last summer the EPA proposed regulation changes that would issue an endangerment finding on 100LL fuel, which would identify it as a danger to humans. The DOT&PF responded with its concern that scientific data does not support the finding and to quantify the impact on Alaska's aviation system. The EPA contacted DOT&PF and agreed to include Alaska in its research. He pointed out that while the EPA would make the finding but the Federal Aviation Administration (FAA) would ultimately make the decision on whether lead is an issue.

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COMMISSIONER LUIKEN, in response to Chair Wilson, explained that the FAA has been working for over 20 years to find a substitute to 100LL that will work in high-compression engines that drive the smaller aviation aircraft, acknowledging that some larger aircraft can also use 100LL. The state would like to ensure that testing will occur in Alaska since alternative fuel products may work in Kansas but not in Barrow. He advised that the Alaska International Airport System is currently working with the Alaska Fuel Suppliers Consortium (AFSC) to bring in additional fuel storage tankage at the airport. He related that the DOT&PF has seen a different mode of supply from tanker fuel suppliers and the larger volume of fuel needed will require additional storage capacity. The AFSC is very interested in building additional tanks to provide for additional capacity, which should result in an absence of fuel shortages, such as the one Alaska experienced a year ago.

[2:02:03 PM](#)

CHAIR P. WILSON asked for a cost comparison for aviation fuel refined in Alaska versus fuel that is barged in.

COMMISSIONER LUIKEN said he was unsure of the cost comparison. He explained that as tankers have begun to bring in fuel that competition has increased. He offered his belief that competition should have a favorable impact on jet aviation fuel costs.

[2:02:44 PM](#)

COMMISSIONER LUIKEN, in response to Representative Petersen, explained that he has been advised that Flint Hills intends to restart the tower in April 2011, which is an indicator that a little competition has potentially helped in its decision-making process.

[2:03:33 PM](#)

REPRESENTATIVE PRUITT recalled some discussion about adding a north to south runway at the Anchorage International Airport (AIA). He further recalled some carriers gave some "pushback." He asked for a status report.

COMMISSIONER LUIKEN answered during his short tenure as Deputy Commissioner that adding the runway was not an option under consideration. He advised that the DOT&PF will issue another plan on the AIA System and the DOT&PF will commence plans at the Fairbanks International Airport (FIA) this summer.

[2:04:38 PM](#)

REPRESENTATIVE JOHNSON asked what happened to the Lena Point camera since it provided a good indicator of the weather at the airport.

COMMISSIONER LUIKEN answered that the FAA manages the camera program but offered to find out.

SENATOR EGAN suggested that the camera at Peterson Hill, which overlooks the runway, is available online and could provide the weather information at the airport.

[2:06:01 PM](#)

CHAIR P. WILSON said she would like to pose a series of questions carried over from last year. She began by asking for a status report on the regional planning organizations.

COMMISSIONER LUIKEN responded that he anticipated that the legislature will be discussing the issue, noting that several communities in Southeast Alaska are also interested. He offered to provide input during the discussions. In further response to Chair P. Wilson, he reiterated his willingness to participate in the discussions on regional planning organizations.

[2:07:10 PM](#)

CHAIR P. WILSON recalled that the Alaska Railroad Corporation (ARRC) has been charging the DOT&PF fees for maintenance upgrades where the railroad crosses highways. She recalled the fees and expressed concern that the rate of cost plus 70 percent was too high.

COMMISSIONER LUIKEN related his understanding that the ARRC and DOT&PF have met on this matter and the ARRC has agreed to provide an advance list of planned upgrades at crossings to DOT&PF so the costs could be submitted in the budget process as capital projects. This advance notice would afford the DOT&PF cost projections that would allow the DOT&PF to negotiate the cost as well as request the necessary amount be included in its budget.

CHAIR P. WILSON could not recall whether maintenance fees were being charged on a monthly or annual basis.

COMMISSIONER LUIKEN answered that the ARRC charges a maintenance cost per crossing and at this time the ARRC is not willing to discuss the maintenance costs. He said the DOT&PF is still negotiating with ARRC on this issue.

CHAIR P. WILSON said she hoped the ARRC would come up with something that is agreeable rather than have the legislature take action.

COMMISSIONER LUIKEN pointed out that part of slowdown in resolving the fee issue was due to the prior counsel workload, which he described as "being swamped." He commented that the ARRC now has a new general counsel. He indicated the DOT&PF has requested that the negotiations on this matter be reopened. In further response to Chair P. Wilson, he offered to keep her apprised on the matter.

[2:10:07 PM](#)

COMMISSIONER LUIKEN, in response to Chair P. Wilson, indicated he would work with the Department of Environmental Conservation (DEC) Commissioner Hartig to reach a conclusion about the naturally occurring asbestos issue in Ambler. In further response to Chair P. Wilson, he agreed the issue is that the gravel was found to be harmful to residents and that he offered to keep the committee informed on the matter.

[2:11:12 PM](#)

REPRESENTATIVE WILSON related her understanding that the Ketchikan Gateway Borough has been operating its airport at a deficit of about \$400 thousand per year and has been considering transferring ownership to the state.

COMMISSIONER LUIKEN advised that he currently has a team in Ketchikan assessing the situation. He explained that last summer the state auditors reviewed the financial documents and provided the DOT&PF with a report. The audit demonstrated that under the current lease, the Ketchikan Gateway Borough's assessment was probably correct. He related that he then offered to send a team of airport operators to look at Ketchikan International Airport (KIA) operations since he is not convinced that the airport has taken advantage of efficiencies to lower costs. The team has been in Ketchikan for the past two days. He reported that the DOT&PF is working with the KIA and Ketchikan Gateway Borough (KGB) on the issue of the airport costs.

[2:13:05 PM](#)

CHAIR P. WILSON asked for status on the request to expand airport services in Bethel.

COMMISSIONER LUIKEN acknowledged that this is an important issue for the community and the carriers. He said the Bethel Airport services will be discussed with the Aviation Advisory Board tomorrow. He offered to continue to move forward on this issue.

[2:13:57 PM](#)

CHAIR P. WILSON asked to turn to the AMHS, ports, and harbors. She asked for the DOT&PF's involvement with federal government with respect to design marine highway corridors. She also asked whether the DOT&PF has given any thought to creating a plan for deep harbors in the event another route is developed through the Arctic.

COMMISSIONER LUIKEN answered yes. He reported that the DOT&PF received about \$250,000 last year to perform a study. The DOT&PF conducted a joint regional ports and harbor study with U.S. Corps of Engineers. The effort resulted in a "big list of needs" from many different sources. The DOT&PF is currently in the process of culling the list to identify only essential items and remove any duplication. Once finished, the DOT&PF will then work with the U.S. Corps of Engineers to prioritize the list.

In further response to Chair Wilson, he offered his belief that this list pertains to all ports and harbors. He then provided an untitled list of projects by region and community to the committee.

[2:16:59 PM](#)

CHAIR P. WILSON asked for status on the DOT&PF efforts on the Prince Rupert, with respect to the AMHS.

COMMISSIONER LUIKEN identified that Prince Rupert initially was only willing to offer a five-year lease to the state, which is a "non-starter" due to the federal funding process. He reported that this issue has since been resolved as Prince Rupert has committed to allow a long-term lease. The DOT&PF has solicited appraisal services that will close out tomorrow. He hoped by the end of the week that the DOT&PF would have two contracts in place to finish the appraisal and allow the state to begin negotiations with Prince Rupert on a long-term lease.

[2:18:07 PM](#)

CHAIR P. WILSON asked for a status on the Hoonah Ferry terminal.

COMMISSIONER LUIKEN answered that it should be completed in March 2011.

CHAIR P. WILSON then asked for status on the Haines Ferry terminal upgrades.

COMMISSIONER LUIKEN related that the environmental process should begin next month. He explained that the project will be completed in two phases, first, to replace the sheet pile cells and then to construct the unloading facility for the ferry. He said he hoped that the first phase would be out to bid by the end of the year.

CHAIR P. WILSON also asked whether the facility would be able to accommodate both front-loading and side-loading ferries.

COMMISSIONER LUIKEN, after consulting with Captain Falvey, confirmed that it would accommodate both types of ferries.

[2:19:40 PM](#)

CHAIR P. WILSON recalled reading that rural Alaska has provided a single unified list of needed appropriations. She asked about funding levels.

COMMISSIONER LUIKEN responded that the DOT&PF has not yet completed the study. He remarked that once the DOT&PF compiles a single list, that the department will continue to work with the U.S. Corps of Engineers to prioritize projects. At that point the DOT&PF will have a better idea of the costs, he advised.

CHAIR P. WILSON asked whether the state could partner with the Denali Commission to try to obtain funding other than relying solely on state funds.

COMMISSIONER LUIKEN answered that he was certain that the DOT&PF will look at all sources of funding.

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CHAIR P. WILSON thanked Commissioner Luiken for his overview.

[2:21:33 PM](#)

ADJOURNMENT

There being no further business before the committees, the joint meeting between the House Transportation Standing Committee and the Senate Transportation Standing Committee was adjourned at 2:21 p.m.