

ALASKA STATE LEGISLATURE
SENATE TRANSPORTATION STANDING COMMITTEE

March 10, 2011

1:03 p.m.

MEMBERS PRESENT

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

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

CONFIRMATION HEARING

Commissioner - Department of Transportation and Public
Facilities (DOTPF)
Marc Luiken

- CONFIRMATION ADVANCED

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

MARC LUIKEN, Commissioner Designee
Department of Transportation and Public Facilities (DOTPF)
Juneau, AK

POSITION STATEMENT: Candidate for confirmation as Commissioner of Transportation and Public Facilities.

ACTION NARRATIVE

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CHAIR ALBERT KOOKESH called the Senate Transportation Standing Committee meeting to order at 1:03 p.m. Senators Egan, Menard, Huggins, Thomas, and Kookesh were present at the call to order.

CONFIRMATION HEARING

**Commissioner - Department of Transportation and Public
Facilities**

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CHAIR KOOKESH announced the business before the committee would be a confirmation hearing for Marc Luiken, Commissioner Designee for the Department of Transportation and Public Facilities (DOTPF).

SENATOR MENARD joined the committee.

MARC LUIKEN, Commissioner Designee, Department of Transportation and Public Facilities (DOTPF), said he believes that he has been preparing for this job for 30 years. He was a pilot for 18 years and the last 12 he's used the lessons he learned. His function was similar to a city mayor. He oversaw large military construction and base operations much like the Department of Transportation and Public Facilities (DOTPF).

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COMMISSIONER LUIKEN said when he moved his family to Alaska they were amazed at how Alaskans treat military and decided this was where they wanted to stay.

He made organizational changes when he became commissioner. Pat Kemp, Deputy Commissioner, Highways and Public Facilities, brings thirty years of experience to the department, Steve Hatter, Deputy Commissioner for Aviation, is a talented leader with a similar background to his. Michael Nuessi, Deputy Commissioner, Marine Operations also brings 30 years of marine leadership experience. Finally, they have three strong and experienced regional directors.

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COMMISSIONER LUIKEN said DOTPF needs to provide for the safe and efficient movement of people and goods. To use resources effectively it's important to bring new blood to the organization. He will strive to build an organization that is accountable.

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His first day on the job he was in Bethel, which has the third busiest airport in the state, and he saw the need to expand service to 24 hours. The second week he spent in Ketchikan, where he learned about the Marine Highway System and the struggles the borough has operating its airport. Recently he visited Nome and now understands the issues there better. He is

encouraging the regional heads to engage more. He also plans to take the leadership team to Skagway and then to eastern Alaska. The website now holds more information about projects. They will continue to make this system more interactive.

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His priorities include the policy directives set by the governor. These include safe families, jobs and economic opportunity, Roads to Resources, and rare earth development.

He said he is very pleased to be part of the governor's team.

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SENATOR THOMAS asked how he would describe his management style.

COMMISSIONER LUIKEN answered managers manage things and leaders lead people; this means serving. He is looking at ways to best do this for his department.

SENATOR THOMAS said he's always been bothered by how long it takes to get things done. Some of this is the process. He hopes the commissioner will look at that and inspire folks to move things forward as fast as is practicable.

COMMISSIONER LUIKEN responded they will soon start looking at the federal process and how things are slowed. He mentioned the National Environmental Protection Act (NEPA) process; he received a letter from the Environmental Protection Agency (EPA) asking for input on regulations. Also, he said he is a results type person and this will be part of his organizational structure. He intends to shorten the time between planning and delivery

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SENATOR MENARD said his intent is to move things forward. She asked him to speak to the Knik Arm Bridge to the Interior. She complimented Special Assistant Brenda Hewitt on being responsive to requests to make highway corridors safer.

COMMISSIONER LUIKEN confirmed that he supports that project. The state does have a Record of Decision and it has also been defined as a National Highway System Asset. The challenge is to find the funding.

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SENATOR MENARD warned against looking only at the numbers because this is, in her opinion, the correct path.

SENATOR HUGGINS said he supports the commissioner because of what he represents but the job will be tough because there is a need to restore confidence. He observed that public projects usually are subsidized over time and often they don't make sense financially. He asked how this can be articulated because many people don't understand the transportation needs of the state.

COMMISSIONER LUIKEN noted that there was a similar question at the health caucus. He said that all Americans should have equal access to goods and services, health care, and a reasonable cost of living. That is what the transportation system provides. Perhaps Alaska isn't totally on par with the rest of the country, but its citizens do deserve a reasonable accommodation. The charter to the airport system recognizes this.

SENATOR HUGGINS said safety is important. He asked how the safety manager will approach this.

COMMISSIONER LUIKEN confirmed the importance of safety and said that as they approach projects this is a key component. To that end they are partnering with the Department of Public Safety and with the Highway Patrol.

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SENATOR HUGGINS commented that Alaska repaves the same roads and there is a rising expectation that new things will be done. That's likely the reason for all the excitement over the Susitna Dam.

COMMISSIONER LUIKEN said he recognizes the department's position in the state's history and he hopes to be the first to build something new.

SENATOR EGAN said he appreciates the open communication and the direction his leadership is taking. He noted the commissioner was an expert on air transportation and urged him to remember that he has to be an expert on water transportation as well. He also urged him to follow the advice of those who are intimate with the Alaska Marine Highway System. We want to "repave" a ferry; we have \$65 million and are hoping to get a second \$65 million for the Alaska Class Ferry. It is a highway. He then asked how the new roadless classification would affect DOT's construction of road projects, especially in Southeast Alaska.

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COMMISSIONER LUIKEN said he had the same question and he doesn't have an answer yet. He offered to follow up.

SENATOR THOMAS noted that several other departments are important to DOTPF, including Natural Resources (DNR), Community and Regional Affairs (CRA), and Commerce, Community and Economic Development (DCED). He finds it odd how often there are duplications and lost opportunities when departments don't work together. He urged increased cooperation.

COMMISSIONER LUIKEN replied the DOTPF has been aggressive in approaching DNR, DCED, and DEC. All the commissioners want to work together and avoid duplication of effort. Second, they have hired Mr. Al Clough to lead Roads to Resources. He is a mining resource and has a good working relationship with DNR at the very least.

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SENATOR HUGGINS said the Senator from Seward mentioned building ships in Ketchikan, which he supports. He noted the state must make sure that it's about jobs. If the ship is cheaper to build elsewhere remember, that Alaska need jobs here.

COMMISSIONER LUIKEN quoted Captain Falvy, who said "We will ensure that it is competitive; that we get the best product; and that we provide a procurement process to level the playing field."

SENATOR HUGGINS commented that his borough had a ship built in Ketchikan. He said he was proud that it was built in the state.

SENATOR EGAN reiterated that the M/V Susitna was under budget and on time and it was a feather in the cap of Alaska Ship and Dry dock.

SENATOR MENARD said when the Susitna needs a place to tie up it should be on her side of the water. She asked how Ted Stevens could be the number one cargo airport in the world.

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COMMISSIONER LUIKEN replied it's in the top five in gross weight landed in the world, because of its strategic location between the Asian markets and the North American markets. It's a natural. The industry knows it can maximize its cargo load by using Alaska as the half way point. To promote this DOTPF had a successful airport summit in Asia. They stressed the strategic location and Alaska's lenient cargo transfer rights. In all 14

locations they stopped they received positive indications about expanding into Alaska. DOTPF will have a follow-up conference in August for Anchorage and Fairbanks.

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SENATOR MENARD said Singapore pointed out the weather limitation but if there was a heated hanger this might help.

COMMISSIONER LUIKEN said that's a "nice to have" for Singapore. If they chose to go elsewhere they would sacrifice revenue generating capability. Anchorage airport already has deicing mechanisms.

SENATOR MENARD said she is particularly interested in exports.

COMMISSIONER LUIKEN replied most of those goods that are exported are in the summer and fall when the weather is generally good.

SENATOR MENARD said more and more seafood is exported during the cold months.

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SENATOR HUGGINS asked if there is room to adjust landing fees without jeopardizing cargo load.

COMMISSIONER LUIKEN replied that DOTPF recently met with Alaska Airlines. Because they are able to collect large fuel fee costs, it keeps the other rates and fees low. It would require significant negotiations with the airlines.

SENATOR HUGGINS mentioned the stranded gas issue, and asked Commissioner Luiken sees scenarios where Alaska can be self-sustaining on jet fuel.

COMMISSIONER LUIKEN responded it will depend on getting enough oil in the pipeline so that Flint Hills can operate year round.

SENATOR THOMAS said the problem with Flint Hills is that they burn fuel to make jet fuel rather than using natural gas. He surmised that they could operate 30 percent cheaper if they operated on natural gas.

COMMISSIONER LUIKEN said this is another area of working cooperatively with the commissioner of DNR.

SENATOR THOMAS said Great Bear believes there is lots of shale oil near Prudhoe Bay and they want the state to participate by building roads. A two year schedule is aggressive. He asked how quickly a few roads could be built to get rigs out to evaluate.

COMMISSIONER LUIKEN said the thing that drives getting a project out quickly is funding. State and private funding is far quicker than relying on federal funding.

SENATOR THOMAS said there will be federal requirements regardless.

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COMMISSIONER LUIKEN agreed but the funding depends on the process.

SENATOR MENARD noted that she had a seat on the railroad board and those real estate holdings are contentious.

COMMISSIONER LUIKEN replied the new chair seems to have a reasonable approach to deal with that issue and is willing to explore options. The board has a good relationship with him.

SENATOR HUGGINS noted that the community of Willow has considerable land and the school there sits on railroad land. That community would like some control over at least pieces of that land.

COMMISSIONER LUIKEN answered he wants all the users to have safety.

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SENATOR KOOKESH asked for a motion.

SENATOR MENARD moved to advance the name Marc Luiken to the full body for consideration.

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There being no further business to come before the committee, Chair Kookesh adjourned the meeting at 1:57 p.m.