

**ALASKA STATE LEGISLATURE**  
**SENATE TRANSPORTATION STANDING COMMITTEE**

April 3, 2012

1:01 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**

OVERSIGHT HEARING: SOUTHEAST TRANSPORTATION PLAN

- HEARD

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 115(TRA)

"An Act designating a portion of Minnesota Drive and a portion of O'Malley Road in Anchorage the Walter J. Hickel Expressway."

- MOVED CSHB 115(TRA) OUT OF COMMITTEE

CS FOR HOUSE JOINT RESOLUTION NO. 4(RLS)

Proposing amendments to the Constitution of the State of Alaska creating a transportation infrastructure fund.

- MOVED CSHJR 4(RLS) OUT OF COMMITTEE

**PREVIOUS COMMITTEE ACTION**

BILL: HB 115

SHORT TITLE: NAMING WALTER J. HICKEL EXPRESSWAY

SPONSOR(S): REPRESENTATIVE(S) JOHNSON

01/21/11	(H)	READ THE FIRST TIME - REFERRALS
01/21/11	(H)	TRA, FIN
04/14/11	(H)	TRA AT 1:00 PM CAPITOL 17
04/14/11	(H)	Moved CSHB 115(TRA) Out of Committee
04/14/11	(H)	MINUTE(TRA)
04/15/11	(H)	TRA RPT CS(TRA) NT 4DP

04/15/11 (H) DP: FEIGE, GRUENBERG, MUNOZ, PRUITT  
 03/21/12 (H) FIN RPT CS(TRA) NT 11DP  
 03/21/12 (H) DP: FAIRCLOUGH, GARA, T.WILSON,  
 GUTTENBERG, JOULE, COSTELLO, NEUMAN,  
 EDGMON,  
 03/21/12 (H) DOOGAN, STOLTZE, THOMAS  
 03/21/12 (H) FIN AT 9:00 AM HOUSE FINANCE 519  
 03/21/12 (H) Moved CSHB 115(TRA) Out of Committee  
 03/21/12 (H) MINUTE(FIN)  
 03/28/12 (H) TRANSMITTED TO (S)  
 03/28/12 (H) VERSION: CSHB 115(TRA)  
 03/30/12 (S) READ THE FIRST TIME - REFERRALS  
 03/30/12 (S) TRA, FIN  
 04/03/12 (S) TRA AT 1:00 PM BUTROVICH 205

BILL: HJR 4

SHORT TITLE: CONST. AM: TRANSPORTATION FUND

SPONSOR(S): REPRESENTATIVE(S) P.WILSON, THOMPSON

01/18/11 (H) PREFILE RELEASED 1/7/11  
 01/18/11 (H) READ THE FIRST TIME - REFERRALS  
 01/18/11 (H) TRA, JUD, FIN  
 02/15/11 (H) TRA AT 1:00 PM CAPITOL 17  
 02/15/11 (H) Heard & Held  
 02/15/11 (H) MINUTE(TRA)  
 02/17/11 (H) TRA AT 1:00 PM CAPITOL 17  
 02/17/11 (H) Heard & Held  
 02/17/11 (H) MINUTE(TRA)  
 02/24/11 (H) TRA AT 1:00 PM CAPITOL 17  
 02/24/11 (H) <Bill Hearing Canceled>  
 03/08/11 (H) TRA AT 1:00 PM CAPITOL 17  
 03/08/11 (H) Moved CSHJR 4(TRA) Out of Committee  
 03/08/11 (H) MINUTE(TRA)  
 03/09/11 (H) TRA RPT CS(TRA) 6DP 1NR  
 03/09/11 (H) DP: JOHNSON, FEIGE, PRUITT, MUNOZ,  
 PETERSEN, P.WILSON  
 03/09/11 (H) NR: GRUENBERG  
 03/25/11 (H) JUD AT 1:00 PM CAPITOL 120  
 03/25/11 (H) Heard & Held  
 03/25/11 (H) MINUTE(JUD)  
 04/08/11 (H) JUD AT 1:00 PM CAPITOL 120  
 04/08/11 (H) -- Rescheduled to 4/9/11 @ 12:30 pm --  
 04/09/11 (H) JUD RPT CS(TRA) 3DP 1DNP 3NR  
 04/09/11 (H) DP: LYNN, THOMPSON, PRUITT  
 04/09/11 (H) DNP: GRUENBERG  
 04/09/11 (H) NR: KELLER, HOLMES, GATTO  
 04/09/11 (H) JUD AT 12:30 AM CAPITOL 120

04/09/11 (H) -- Rescheduled from 4/8/11 --  
 04/12/11 (H) FIN AT 8:30 AM HOUSE FINANCE 519  
 04/12/11 (H) Heard & Held; Assigned to a  
 Subcommittee  
 04/12/11 (H) MINUTE(FIN)  
 04/12/11 (H) FIN AT 1:30 PM HOUSE FINANCE 519  
 04/12/11 (H) <Bill Hearing Canceled>  
 03/02/12 (H) FIN AT 1:30 PM HOUSE FINANCE 519  
 03/02/12 (H) Moved CSHJR 4(FIN) Out of Committee  
 03/02/12 (H) MINUTE(FIN)  
 03/05/12 (H) FIN RPT CS(FIN) 4DP 6NR  
 03/05/12 (H) DP: FAIRCLOUGH, T.WILSON, DOOGAN,  
 THOMAS  
 03/05/12 (H) NR: GARA, GUTTENBERG, JOULE, NEUMAN,  
 EDGMON, STOLTZE  
 03/13/12 (H) RLS AT 4:00 PM CAPITOL 120  
 03/13/12 (H) Moved CSHJR 4(RLS) Out of Committee  
 03/13/12 (H) MINUTE(RLS)  
 03/23/12 (H) RLS RPT CS(RLS) 1DP 1DNP 4NR  
 03/23/12 (H) DP: JOHNSON  
 03/23/12 (H) DNP: GRUENBERG  
 03/23/12 (H) NR: CHENAULT, OLSON, AUSTERMAN, TUCK  
 03/23/12 (H) RETURNED TO RLS COMMITTEE  
 03/30/12 (H) TRANSMITTED TO (S)  
 03/30/12 (H) VERSION: CSHJR 4(RLS)  
 04/02/12 (S) READ THE FIRST TIME - REFERRALS  
 04/02/12 (S) TRA, FIN  
 04/03/12 (S) TRA AT 1:00 PM BUTROVICH 205

**WITNESS REGISTER**

MIKE KORSMO, Past-Chair

Marine Transportation Board (MTAB)

Skagway, Alaska

**POSITION STATEMENT:** Testified during the hearing on the Southeast Transportation Plan (SETP).

MARC LUIKEN, Commissioner

Department of Transportation and Public Facilities (DOTPF)

Juneau, Alaska

**POSITION STATEMENT:** Testified during the presentation of the Southeast Transportation Plan (SETP).

AL CLOUGH, Southeast Regional Director

Department of Transportation and Public Facilities

Juneau, Alaska

**POSITION STATEMENT:** testified during the presentation of the Southeast Transportation Plan (SETP).

MIKE NEUSSL, Deputy Commissioner  
Marine Operations  
Department of Transportation and Public Facilities  
Juneau, Alaska

**POSITION STATEMENT:** Testified during the presentation of the Southeast Transportation Plan (SETP).

YASMINE HABASH, Staff  
Representative Craig Johnson  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Presented the HB 115 on behalf of the sponsor.

KIRK WICKERSHAM, representing himself  
Anchorage, Alaska

**POSITION STATEMENT:** Testified in support of HB 115.

REPRESENTATIVE PEGGY WILSON  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Sponsor of HJR 4.

#### **ACTION NARRATIVE**

[1:01:06 PM](#)

**CHAIR ALBERT KOOKESH** called the Senate Transportation Standing Committee meeting to order at 1:01 p.m. Present at the call to order were Senators Egan, Menard, Huggins, and Chair Kookesh.

#### **Oversight Hearing: Southeast Transportation Plan**

[1:01:27 PM](#)

Chair Kookesh announced that the first order of business would be a presentation by the Marine Transportation Advisory Board.

MIKE KORSMO, Past-Chair, Marine Transportation Advisory Board (MTAB), testified during the hearing on the Southeast Transportation Plan (SETP). He spoke of the role of the Alaska Marine Highway and MTAB in developing regional transportation. He discussed MTAB and its role of advising the administration regarding transportation plans dealing with a marine component. He noted that the SETP was controversial and had been a target in the past. He opined that the past two SETP's did not meet their objectives. He said MTAB members have had input on the

latest SETP. He stated that MTAB's role is to be a conduit between the public and agencies. He gave credit to Cathie Roemmich, former MTAB chair, for her great job doing public outreach. He noted that Robert Venables is the current MTAB chair.

He referred to a document in members' packets showing MTAB's current recommendations and legislative priorities. Some of the recommendations include a mainline ferry service out of Bellingham or Prince Rupert, a cross-Gulf service up to Prince William Sound with service twice a month to the Aleutian Chain. He credited the Alaska Marine Highway System (AMHS) for doing an incredible job the last few years. He also stated support for additional Alaska class ferries and road links.

He listed some legislative priorities, such as funding AMHS at current levels, Alaska class ferry construction, new engines for the Columbia, fast ferry maintenance, and annual appropriations for the Marine Highway fund.

[1:07:23 PM](#)

MR. KORSMO addressed concerns regarding SETP. One of the concerns was regarding the Alternative Five route, or Highway Route 7. It is a route that begins in Prince Rupert, ferry to Ketchikan, ferry to Prince of Wales Island, drive the road system across Prince of Wales Island, and ferry to Wrangell and Petersburg. He said there were five shuttle ferry segments and five road segments and four border crossings. The system is used by the military to get from Washington to the Interior. There are concerns about Highway Route 7 becoming the preferred route.

He listed the concerns: problems if one of the links becomes unusable, loss of revenue to communities, expense of tickets, loss of federal transportation dollars. Currently, about 40 percent of the passengers are "walk on's" without cars to drive the road segments.

[1:10:59 PM](#)

MR. KORSMO continued by providing an example of a school athlete missing more school by having to use Highway Route 7.

He concluded that MTAB supports mainline ferry service.

SENATOR KOOKESH also voiced concern about Highway Route 7. He asked what role MTAB has with AMHS.

MR. KORSMO replied that MTAB becomes involved before the draft of the plan would go out to the public. The last two SETP's have not come to fruition. He hoped the final draft would contain MTAB's suggestions.

SENATOR KOOKESH suggested that MTAB should be more than an advisory board to AMHS.

MR. KORSMO said the intent of the legislation was that MTAB become a board that assists in marine highway planning.

SENATOR KOOKESH stated that he would watch the process to see if MTAB's recommendations are considered by AMHS.

SENATOR EGAN asked if Mr. Korsmo was representing himself and if MTAB supports SETP.

MR. KORSMO noted that he was representing MTAB and it supports SETP's objectives; the plan is still in draft form.

1:17:04 PM

MARC LUIKEN, Commissioner, Department of Transportation and Public Facilities (DOTPF), testified during the presentation of the Southeast Transportation Plan (SETP). He began with introductions of Al Clough and Captain Mike Neussl. He shared DOTPF's strategic plan, which is to get Alaska moving through service and infrastructure and to expand Alaska's transportation system. He quoted a national report, which said that 84 percent of the nation's economy is dependent on transportation, which creates access and drives the economy in the nation and in Alaska.

COMMISSIONER LUIKEN clarified that DOTPF is early in the process of developing SETP. The first version of the plan is a scoping document, to "scope" or obtain input from the public. He described the process of taking alternatives from the 2004 plan as the basis for conceptual ideas for the new SETP, eventually settling on a preferred alternative. There are five concepts, or alternatives, from the 2004 plan being considered. The concept of Route 7 was one of the five.

He continued to describe the process of developing SETP. Ideas gained from public outreach will be used to develop the plan.

1:24:07 PM

COMMISSIONER LUIKEN read a quote from the scoping document that shows that the ideas are not defined and are to be used to move

forward with the plan. He said, "None of the preliminary alternatives presented here is expected to be carried into the revised plan, let alone become the preferred alternative, without significant changes, with the exception of the baseline and the no-action alternatives."

COMMISSIONER LUIKEN discussed transportation challenges, which are due to Alaska's geography, costs, and resources. He showed two charts, one depicting the passenger miles by modes and the other, costs of maintenance and operations statewide. He listed specific events that had an impact on the state's transportation system: the Good Friday Earthquake in 1964, the 1967 floods in Fairbanks, the National Environmental Protection Act of 1970, and other national policies that make transportation more expensive. He discussed the limited amount of resources available to DOTPF.

COMMISSIONER LUIKEN discussed opportunities: to plan beyond 20 years, to create efficient systems, and to develop roads to resources. It is the department's job to look at opportunities to create a plan to carry transportation into the future. It should try not to get stuck on projects, but rather focus on a vision. The vision entails that "road lengths should be built where appropriate and possible in order to shorten ferry runs and create an efficient transportation system."

He addressed developing roads to resources. He pointed out that the state's wealth is in getting resources to market. He highlighted the governor's policy of roads to resources. He noted the importance of airports because 82 percent of Alaskan communities are connected by airports.

He provided information about a recently published AMHS analysis. He related that the department has made a commitment to Alaskans that there would be ferry service to rural communities in Southeast and Southwest Alaska. He emphasized that AMHS is a not-for-profit system, so ways must be found to keep costs down. He concluded that the aforementioned are the tools the department is using to develop the SETP.

1:30:59 PM

AL CLOUGH, Southeast Regional Director, Department of Transportation and Public Facilities, testified during the presentation of the Southeast Transportation Plan (SETP). He shared his history traveling and working on the Alaska Marine Highway. He related information on SETP, which he called a guide to help DOT move into the future. Federal Highways requires that

the state maintain and update a multi-mobile regional transportation plan.

He addressed the current status of SATP. Last summer DOT began scoping or public outreach on the alternatives. He stated that he fully expects the alternatives to change during the process. He stated the purpose of the plan, which is to provide travel among communities in Southeast Alaska to meet basic needs and to support local and regional economy by providing the most financially sustainable transportation system that resources permit.

[1:35:08 PM](#)

MR. CLOUGH addressed important issues related to SETP: use capital funding efficiently, optimize the fleet, maintain or improve regional mobility, connect Southeast communities, and reduce the system's annual expense.

MR. CLOUGH explained the process used to develop SETP. The scoping plan was made available to the public over a period of six weeks. Currently, the planning staff is aggregating public comments and developing the draft plan. That plan will then go out to the public, feedback will be accepted, and a final plan will be written in the fall of 2012 or early 2013.

[1:39:11 PM](#)

MR. CLOUGH listed the six scoping alternatives: maintain the existing system, exercise capacity management with the ferry system, maximize the use of existing roads, build Alaska class ferries, develop Highway Route 7, and take no action. He pointed out that the Route 7 idea is only one model, a concept, and not a draft plan.

[1:41:14 PM](#)

MR. CLOUGH offered to provide information about Route 7.

SENATOR KOOKESH declined to hear that plan.

SENATOR EGAN thanked the presenters.

SENATOR HUGGINS questioned the term "shoot at".

MR. CLOUGH replied that he should have said "comment thoughtfully on."

SENATOR KOOKESH asked when the draft plan review would be done.

MR. CLOUGH thought it would be out in June. He recalled all the work done so far.

1:43:49 PM

MIKE NEUSSL, Deputy Commissioner, Marine Operations, Department of Transportation and Public Facilities, testified during the presentation of the Southeast Transportation Plan (SETP). He stated that the AMHS has a good working relationship with the MTAB. He recalled receiving good suggestions from MTAB and acting upon them. He also said he has a good relationship with Southeast Region.

MR. NEUSSL addressed the AMHS tariff structure. He said there is no prescribed formula for setting tariffs. The Alaska Administrative code provides guidance but assigns that responsibility to the commissioner of DOTPF. He described the process that addresses tariffs, which have been set over many years by various administrations.

SENATOR KOOKESH asked who does the ferry schedules.

MR. NEUSSL explained how the schedules are drafted. He said he does not have a tariff expert on staff.

He addressed the Alaska Class Ferry (ACF). Only one ACF has been authorized and funded so far. There was talk of a second and possibly third to fill certain routes and replace aging vessels. The Tustumena, which is of the same vintage as the rest of the current fleet, will be replaced shortly and cannot be replaced by an ACF.

MR. NEUSSL discussed the vehicle replacement fund which was created by AS 37.05.55. It is a legislative function to appropriated funds or interest into the fund. He related that the \$120 million recently appropriated will go toward the first ACF. The current balance in the fund is \$118 million; \$2 million was spent on preliminary design work.

He addressed the Regional Transportation Plans which includes AMHS and MTAB involvement. He explained his efforts to make sure that MTAB had the proposed SETP and will have the draft plan when it comes out.

1:50:39 PM

SENATOR MENARD voiced appreciation for the slide depicting the entire AMHS fleet. She requested information about the cost of the AMHS fleet by individual ferry.

MR. NEUSSL said he would pass the appreciation along to his staff. He reviewed the cost of the ships. The Matanuska, Malaspina, and Taku were all appropriated using a general obligation bond for \$15 million. The Matanuska and Malaspina were eventually lengthened to provide more capacity. He pointed out that the Tustumena is a unique vessel that serves ports that can only be served by that type of ship.

SENATOR MENARD talked about the high cost of icebreakers.

SENATOR HUGGINS complimented the commissioner and his team. He spoke in favor of the idea of planning beyond 20 years. He suggested a statewide view of SETP. He stated his support for the ferry system and the Alaska Class Ferry. He stated that Senator Menard is working on building a bridge, also a part of the state infrastructure. He shared a story about the ferry system and concluded that the transportation system is all one system and should be supported by the whole state.

SENATOR EGAN noted that AMHS is the highway system in SE Alaska. He hoped the design for the ACF could be replicated several times. He opined that the \$78 million Mat-Su ferry docked in Ketchikan was sitting idle and could be put to use.

Senator Joe Thomas joined the meeting.

SENATOR KOOKESH asked for a written response regarding the plans for the Metlakatla-Saxman landing site. He thanked the presenters.

[1:59:49 PM](#)

At-ease from 1:59 p.m. to 2:01 p.m.

#### **HB 115-NAMING WALTER J. HICKEL EXPRESSWAY**

[2:01:43 PM](#)

SENATOR KOOKESH announced that the next item before the committee would be HB 115, which would designate a portion of Minnesota Drive and O'Malley Road in Anchorage the Walter J. Hickel Expressway.

YASMINE HABASH, staff, Representative Craig Johnson, sponsor of HB 115, presented the bill on behalf of the sponsor. She explained that CSHB 115(TRA) will concurrently name a 7.5 mile portion of Minnesota Drive and O'Malley Road the Walter J.

Hickel Expressway. No establishments will have to change their addresses. She related that throughout Walter J. Hickel's career, he served as Alaska's governor twice, as U.S. Secretary of Interior under President Nixon, and advocated for the development of the State of Alaska and the Circumpolar Arctic Region. In his many elected and public roles, he successfully pushed to open Prudhoe Bay to oil development and oversaw permitting process for the Trans Alaska Pipeline. He concluded that naming the section of road after Mr. Hickel was fitting, as he was a great advocate for public roads and transportation.

SENATOR EGAN said he was in favor of the bill; however, he suggested lowering the fiscal note.

[2:04:24 PM](#)

KIRK WICKERSHAM, representing himself, testified in support of HB 115. He stated that it was appropriate that Governor Hickel be honored in a very visible public way because he was an advocate, creator, and student of public policy. He stressed Governor Hickel's role in "owner state". He highlighted Governor Hickel's many achievements. He hoped the new signs naming the highway the Hickel Expressway were larger than the current signs.

[2:07:12 PM](#)

SENATOR KOOKESH closed public testimony.

SENATOR MENARD moved to report CS for HB 115, version B, from committee with individual recommendations and the accompanying fiscal note. There being no objection, CSHB 115(TRA) was reported from the Senate Transportation Standing Committee.

**HJR 4-CONST. AM: TRANSPORTATION FUND**

[2:08:42 PM](#)

CHAIR KOOKESH [announced the consideration of HJR 4.]

REPRESENTATIVE PEGGY WILSON, sponsor of HJR 4, introduced the bill. She that Alaska, like the rest of the country, is challenged with maintaining, upgrading, and creating new transportation infrastructure. There is a serious shortfall in funding for transportation which is intensified by new federal reauthorization bill. She voiced concern about losing up to 50 percent of federal funding.

She related that in 2005, the United States was ranked number one in the world for transportation; currently it is not even in

the top ten. She maintained that Alaska needs to shoulder more of the responsibility for funding transportation infrastructure.

She suggested a simple but serious change to Alaska's constitution, HJR 4, which would dedicate the Alaska Infrastructure Transportation Fund (ATIF). She pointed out that the drafters of Alaska's Constitution were concerned with dedicated funds that might impair future legislatures from responding to evolving public needs. However, she noted that two dedicated transportation funds were grandfathered in, one for highways, and one for harbors and water facilities.

She stated that HJR 4 would allow future legislatures to respond to current public needs and have the flexibility to define what user fees will be dedicated to the fund, what projects can be funded, and how the fund would be managed. She maintained that the state needs a reliable revenue stream, independent from the federal government.

She listed a three-step process as to how the dedicated fund would be used in conjunction with current funding to improve transportation infrastructure. She spoke of her vision of how the proposed funding would be capitalized with \$1 billion, with \$100,000 million a year to be spent on state-funded projects. The money would come from 50 percent of the revenues collected from the previous fiscal year, plus a percent of market value of ATIF, making sure that not more than 7 percent is averaged over the last five years. The legislature would also continue to fund transportation as it is currently funded.

[2:14:09 PM](#)

REPRESENTATIVE WILSON listed user fees that would be used toward ATIF: motor fuel tax, studded tire tax, license and registration fees, and vehicle rental tax. A panel would determine which projects would be funded.

She stressed that state-funded programs would lead to quicker completion of projects, saving time and money. She noted letters of support for ATIF in members' packets. She concluded that the fund is needed in order to create and maintain a modern transportation system in Alaska.

[2:16:41 PM](#)

SENATOR KOOKESH closed public testimony.

SENATOR HUGGINS voiced concern about throwing money at projects the way funding is currently done. He appreciated the listing of

the four elements of the plan and the savings in time and money. He testified in support of the resolution because the legislature determines the details of the funding. He suggested expending \$200 billion to set up ATIF.

[2:18:25 PM](#)

SENATOR KOOKESH recalled fighting for a constitutional amendment on subsistence. He said he supports constitutional amendments in general.

SENATOR EGAN moved to report CSHJR 4(RLS) from committee with individual recommendations and the attached fiscal notes. There being no objection, CSHJR 4(RLS) was reported from Senate Transportation Standing Committee.

[2:19:30 PM](#)

There being no further business to come before the committee, Chair Kookesh adjourned the Senate Transportation Standing Committee at 2:19 p.m.