

HOUSE FINANCE COMMITTEE

April 14, 2013

12:16 p.m.

RECONVENED

12:16:15 PM

CALL TO ORDER

Co-Chair Stoltze called the House Finance Committee meeting to order at 12:16 p.m.

MEMBERS PRESENT

Representative Alan Austerman, Co-Chair
Representative Bill Stoltze, Co-Chair
Representative Mark Neuman, Vice-Chair
Representative Mia Costello
Representative Bryce Edgmon
Representative Les Gara
Representative Lindsey Holmes
Representative Scott Kawasaki, Alternate
Representative Cathy Munoz
Representative Steve Thompson
Representative Tammie Wilson

MEMBERS ABSENT

Representative David Guttenberg

ALSO PRESENT

Representative Lynn Gattis; Joe Michel, Staff,
Representative Bill Stoltze; Janice, Wrentmore, Skagway;
Paul Brown, Alaska Leaders, Juneau; Paulette Simpson,
Alaska Leaders, Juneau; Commissioner Mike Hanley,
Commissioner, Department of Education and Early
Development; David Teal, Director, Legislative Finance
Division; Garry Forrester, Valley Performing Arts, MatSu;
Anne Marie Sanford, CCS, MatSu.

PRESENT VIA TELECONFERENCE

Grant Baker, Engineering Professor, Anchorage; Heather
Arnett, Association of Alaska Housing Authorities; John
Zasada, Anchorage Neighborhood Health Center, Anchorage;
John Crews, Alaska Vocational Technical Center (AVTEC),

Anchorage; Sheila Horton, Copper River / Association, Copper Center; Laurie Faubert, CCS early learning, MatSu; Mark Lackey, CCS Early Learning, MatSu; Leann Mason, CCS, Mat-Su; Dan Kennedy, Valley Performing Arts, Mat-Su; Janet Kennedy, Valley Performing Arts, Mat-Su; Joel Fuller, Self, Mat-Su; Tiffany Mukaabya, MatSu; Dominique Pride, Alaska Center for Energy and Power, Fairbanks; Taber Rehbaum, Big Brothers Big Sisters, Fairbanks; Clark Milne, UAF alumni, Fairbanks; Jomo Stewart, Fairbanks Economic Development Corporation, Fairbanks; Roger Pearson, Nikiski; Lou Bencardino, Alaska Vocational Technical Center (AVTEC) Seward; Jim Hunt, City of Seward, Seward; Jomo Stewart, Fairbanks Economic Development Corporation, Fairbanks; Ron Inouye, Friends of the UA Museum Tanana Yukon Historical Society, Fairbanks; Mayor Jim Kacsh, City of Cordova, Cordova; Bret Bradford, City of Cordova, Council Member, Cordova; Kristin Carpenter, City of Cordova, Council Member, Cordova; Timothy Rooney, City/Borough Manager, Wrangell; Mayor Lew Williams, City of Ketchikan, Ketchikan; Patti Mackey, Ketchikan Medical Center Foundation, Ketchikan; David Johnson, Physician, Ketchikan Medical Center, Ketchikan; Julie Sande, Ketchikan Medical Center, Ketchikan; Cindi Squire, Taku Community Council District; Dr. Alex Hills, UA School of Engineering Board, Palmer; Mayor Luke Hopkins, Mayor, Fairbanks North Star Borough, Fairbanks; Meera Kohler, Alaska Village Electric Co-op, Anchorage; Linda Leary, Chair, Alaska railroad, Sacramento; Larry Devilbiss, MatSu Mayor Soldovia; Tim Dillon, City Manager, Soldovia; Dennis Watson, Inter-Island Ferry, Craig; Jeff Green, Ketchikan; Josh Vandergrift, Anchorage; Robert Oravec, Anchorage; Renee Mc Laughlin, Historic Ketchikan, Ketchikan; Brian Lefferts, Yukon Kuskokwim Health Corp., Bethel; Ryan Ray, Set Free Alaska, Palmer. Dennis Johnson, Program Director, Alaska Pretrial Services, Anchorage; Shirley Marquaret, AML, Unalaska; Susan Klein, Vice President Community Council, Anchorage; Robert Claus, Chair, Craig City School District; Dennis Watson, General Manager, Inter-Island Ferry, Craig; Dennis Johnson, Program Director, Alaska Pretrial Services, Anchorage; Venus Woods, Alaska Native Justice Center, Anchorage; Pat Branson, Mayor, Kodiak; Gary Snider, Anchorage; Amanda Metivier, Facing Foster Care in Alaska, Anchorage; Leslie Rohr, Love Inc., Kenai; Patrick Chandler, Center for Alaska Coastal Studies, Homer; Merrill Sanford, Mayor, Juneau.

SUMMARY

HCSCSSB 18

BUDGET: CAPITAL

HCSCSSB 18, as amended, was REPORTED out of committee with a "do pass" recommendation.

HR 8 TASK FORCE ON SUSTAINABLE EDUCATION

HR 8 was REPORTED out of committee with a "do pass" recommendation and with one new fiscal note from the legislature.

#sb18

CS FOR SENATE BILL NO. 18(FIN) am

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

[12:16:49 PM](#)

Representative Costello MOVED to ADOPT the proposed committee substitute for HCSCSSB 18, Work Draft, 28-GS1798\E, Martin, 4/14/13, (FIN). There being NO OBJECTION, it was so ordered.

Co-Chair Stoltze noted that the new version was similar to the Committee Substitute (CS) introduced last night, with a few additional and corrected projects.

JOE MICHEL, STAFF, REPRESENTATIVE BILL STOLTZE, discussed the changes in the CS. He pointed out title change regarding the "CBERRSA, Drainage and Rehabilitation" item on page 8. Co-Chair Stoltze noted that the change was a corrective designation.

Mr. Michel pointed out another title change for the Chugiak/Eagle River parks and recreation audio/video teleconference system, which was omitted and placed in the budget for \$75 thousand. The Anchorage, Eagle River, Chugiak road drainage was relabeled as the Anchorage, Eagle River, Parks Recreation Eagle River High School Stadium Trails and Lighting Equipment Improvements. Co-Chair

Stoltze clarified that the projects were not in his district.

Mr. Michel continued that the Anchorage Southcentral Law Enforcement Tactical Range for \$400 thousand was removed and reinstated at \$5 million. He noted the addition of a line item for \$300 thousand for the Fairbanks North Star Borough North Star Volunteer Fire Department fire engine replacement project. He added the Fairbanks North Star Borough North Star Volunteer Fire Department station 34 driver repair project for \$40 thousand. He pointed out the item previously labeled Homer and Soldotna Artificial Turf Field was relabeled the Soldotna High School Artificial Turf Field.

Co-Chair Stoltze noted that the change was requested by the delegation and signed-off by their mayor and members.

Mr. Michel noted that the number was changed from \$500 thousand to \$1.5 million to reflect the actual cost. Co-Chair Stoltze added that the actual intent reflecting the record was in CAPSIS.

Mr. Michel pointed out the Matanuska Susitna Borough Volunteer Fire Department Mobile Treatment Center for \$70 thousand. The Alaska Association of Conservation Districts language included Kodiak Soil and Water Conservation District Computer Backup System. He noted that \$1 million was added to the Alaska Association of Conservation Districts. The \$400 thousand was moved from the tactical center to the correct location of the Alaska Laborers Construction Industry Training Fund, training facility site, work and equipment resulting in the new total of \$3.4 million.

[12:22:20 PM](#)

Mr. Michel stated that the Department of Commerce, Community and Economic Development had many title and name changes to reflect the grant recipients.

Mr. Michel continued with the title change made to the Alaska Native Heritage Center, Mable Pike Education Center Classroom and Administration Addition. Another title change was made to the Alaska Public Telecommunications Inc. Mobile Video and Production Upgrade for an additional \$277 thousand.

Co-Chair Stoltze thanked Mr. Michel for detailing the technical changes.

Mr. Michel continued that the Gladys Wood Elementary School would replace carpet in all classrooms for \$220 thousand. The Arctic National Wildlife Refuge Program was changed to reflect a new title; Arctic Power, Arctic Energy Issues for \$250 thousand.

12:24:10 PM

Mr. Michel continued to describe the changes. The Hope Community Resources increment had \$940 thousand removed, eliminating the line item.

Mr. Michel discussed the Treadwell Historic Preservation Restoration Society for the Treadwell Building Preservation with an additional \$25 thousand included. He noted that acronyms such as YKCC water systems, which were elongated for the full name, Yukon Kuskokwim Correctional Center Water Systems.

12:25:38 PM

Mr. Michel moved from the numbers to the language section. He mentioned the Alaska Gasline Development Corporation's (AGDC) \$25 million appropriation in the budget. Due to the passage of HB 4, all of the monies included for AGDC were placed into the fund created to better track all funding related to the legislation of HB 4.

Mr. Michel noted other changes in the language section. He began with section 21, subsection (f), which reflected the amount of \$25 million as appropriated from the general fund to the Instate Natural Gas Pipeline fund. He mentioned that a technical amendment would be proposed to correct the drafting error. The \$25 million was intended to come from the Alaska Housing Finance Corporation (AHFC) fund. Section 26, subsection (b) removed the word "municipal." He noted that section 32; subsection (g) removed the language "the unexpended and unobligated balance estimated to be \$1.758 million of the appropriation made in 2008 from Department of Transportation and Public Facilities Kenai Borough Road Projects was reappropriated to Department of Transportation and Public Facilities to construct a road to Tanana."

12:28:33 PM

Mr. Michel pointed out section 37, subsection (b), reappropriation language for the Anchorage Signal System Emergency Vehicle Preemption which was inserted into Urban Works Inc. for the purchase of housing for job development programs. He introduced section 38, a new section. He noted that section 40, subsection (e) the language "and other community facilities" was inserted. He noted that section 50 was renumbered reflecting the changes made from the senate version to the house as additional sections for reappropriations.

12:30:05 PM

Co-Chair Stoltze OPENED public testimony.

JANICE, WRENTMORE, SKAGWAY, discussed the fiscal note attached to the Juneau access budget request, which called for \$10 million in FY 13 and increased to \$50 million in FY 14. In the year 2020 an unfunded balance for the uncertain project was \$260 million. She pointed out that a cost/benefit analysis was not available and she believed that the data would help determine whether the investment was sound or not. She noted that Representative Bill Thomas pointed out that the project belonged to Haines and Skagway as well as Juneau. The Haines and Skagway communities had concerns about the impacts of the projects. She requested a complete Environmental Impact Statement (EIS) including geotechnical issues. The official position of Skagway and Haines were consistently independent of the positions of Juneau. The communities supported marine access as the preferred alternative due to concerns about impacts on the communities.

12:33:30 PM

PAUL BROWN, ALASKA LEADERS, JUNEAU, stated that the Alaska Leaders Series was Alaska's history. He appreciated the legislature's help with the endeavors of the Alaska Leaders Series. He noted urgency to complete the Ted Stevens story. He spoke about the untimely death of Ted Stevens, which left no biographies. He noted that his organization had compiled an enormous amount of research and was ready to produce. Financial support was crucial. He recognized that the budget was tight but he requested the funding, which would prevent a loss of history. He pointed out that many

of Ted Stevens' peers were aging and the time for interviews was now.

[12:35:52 PM](#)

PAULETTE SIMPSON, ALASKA LEADERS, JUNEAU, echoed the testimony. She added that many people around the state supported the project. She stated that the Ted Stevens story was the Alaska story.

Representative Costello asked if those people requesting funds would specify the amount.

Mr. Brown replied that the request for the Alaska Leaders Series was \$950 thousand.

[12:36:57 PM](#)

GRANT BAKER, ENGINEERING PROFESSOR, ANCHORAGE (via teleconference), testified the he had worked as an engineering professor for 25 years. He created several new engineering programs at University of Alaska Anchorage that resulted in a tripling of enrollment. He worked with the K-12 schools to establish engineering academies and other programs that help to better prepare students for college. He expressed appreciation for the support of the programs and the engineering buildings. He stated that the support meant that billions of dollars in ongoing projects would remain in Alaska.

[12:38:29 PM](#)

HEATHER ARNETT, ASSOCIATION OF ALASKA HOUSING AUTHORITIES (via teleconference), thanked the committee for statewide affordable housing programs. She noted that community leaders around the state were including affordable housing when developing community and regional economic development plans. She appreciated the increase in funding for AHFC supplemental housing developmental grant program to \$10 million. She appreciated the restoration of funding to AHFC senior citizen housing development fund of \$4.5 million. Alaska had the fastest growing senior population in the United States.

[12:39:43 PM](#)

JOHN ZASADA, ANCHORAGE NEIGHBORHOOD HEALTH CENTER, ANCHORAGE (via teleconference), appreciated support for the shuttle that connected the downtown transit center with the new Anchorage Health Center. The health center increased services by an additional 2500 patients since the initial CAPSIS request, with an addition of 500 new patients per month. The shuttle had increased its ridership from 20 per day in October to 33 per day in April. He was working with the Anchorage municipality to address a permanent route to the new health center by 2015.

[12:41:05 PM](#)

JOHN CREWS, ALASKA VOCATIONAL TECHNICAL CENTER (AVTEC), ANCHORAGE (via teleconference), appreciated the capital funding for phase one of the Diesel Heavy Shop Replacement and deferred maintenance, which were both crucial to the continued mission of AVTEC. He requested the reinstatement of the ice navigation upgrade to the marine simulator at AVTEC. He asked that the \$375 thousand be reinserted into the capital budget to equip AVTEC with the tools it required to prepare captains and pilots working in the uniquely Alaskan waters.

[12:42:23 PM](#)

SHEILA HORTON, BEHAVIORAL HEALTH CLINICAL DIRECTOR, COPPER RIVER NATIVE ASSOCIATION, COPPER CENTER (via teleconference), thanked the committee for the \$2 million appropriation for completion of the new building. The funds were important as the center was located in an unincorporated area with no borough or city to provide fiscal support. The agency provided services such as a Village Public Safety Officer (VPSO) program. Copper River Native Association had a vibrant dental clinic, a health department with community health aides and a popular elders program that provided opportunities for the indigenous population in the Copper River Valley.

[12:44:10 PM](#)

GARRY FORRESTER, VALLEY PERFORMING ARTS, MATSU, requested an increment for Valley Performing Arts. The original CAPSIS request was \$4.7 million and his organization reduced it to \$1.7 million, which was the minimal amount required to purchase the local theater. The purchase would produce a return of over \$1 million. The most recent

appraisal of the property was \$2.8 million. The purchase and remodeling of the existing structure provided a sound business decision, which would meet the needs of the growing community.

[12:45:50 PM](#)

LAURIE FAUBERT, CHUGIAK CHILDREN'S SERVICES (CCS) EARLY LEARNING CENTER, MATSU (via teleconference), testified in favor of the local Head Start and Learning Center. She noted that she was a parent, board member and council member of the Wasilla Head Start and Early Learning Center. She requested funding of \$4 million for the new Palmer Head Start and administrative offices.

[12:46:55 PM](#)

MARK LACKEY, CCS EARLY LEARNING, MATSU (via teleconference), echoed the testimony requesting \$4 million for a new Head Start facility in the Palmer area.

[12:48:09 PM](#)

LEANN MASON, CCS, MAT-SU (via teleconference), spoke in support of the Head Start program. She worked at the Palmer Head Start facility and was a grandparent of seven children. She echoed the request for \$4 million for the expansion of the Head Start facility in Palmer. She stated that the Head Start program had a 20-year history of impacting families.

[12:49:08 PM](#)

DAN KENNEDY, VALLEY PERFORMING ARTS, MAT-SU (via teleconference), volunteered for Valley Performing Arts and testified in support of securing a community asset on the Parks Highway with the \$1.7 million increment. He explained that Valley Performing Arts was an economic development engine. He noted that the private sector would fund a portion of the funding needs for the project.

[12:50:04 PM](#)

JANET KENNEDY, VALLEY PERFORMING ARTS, MAT-SU (via teleconference), spoke in support of a \$1.7 million increment for purchase of the abandoned and foreclosed Mat-Su cinema. The cinema would be reinvented as a community

theater for theater groups and other gatherings. She discussed that the current agreement for purchase was contingent upon state funding.

[12:51:31 PM](#)

JOEL FULLER, SELF, MAT-SU (via teleconference), spoke in support of funds for the West Dowling Road Phase II. He mentioned the Department of Transportation and Public Facilities' application in the Corp of Engineers for construction of the connector. He pointed out an agreement with the Municipality of Anchorage who would participate in the funding and take over responsibility from Department of Transportation and Public Facilities. He strived to ensure that the connection was constructed.

[12:52:38 PM](#)

TIFFANY MUKAABYA, MATSU (via teleconference), testified in support of the \$4 million request for a new CCS center in Palmer. She pointed out that the area was growing and that CCS had a remarkable reputation in Palmer. She explained that her child suffered from anxiety and depression and Head Start provided many new opportunities for growth and happiness despite the experience of many deployments.

[12:54:21 PM](#)

ANNE MARIE SANFORD, CCS, MATSU, testified in support of funding for \$4 million for the new CCS Head Start facility in Palmer. She stated that CCS made a positive impact on her family's life.

[12:55:26 PM](#)

DOMINIQUE PRIDE, ALASKA CENTER FOR ENERGY AND POWER, FAIRBANKS (via teleconference), testified in appreciation for the funding for the Alaska Center for Energy and Power and Applied Energy Resource Institution at the University of Alaska Fairbanks.

[12:56:14 PM](#)

TABER REHBAUM, BIG BROTHERS BIG SISTERS, FAIRBANKS (via teleconference), testified in appreciation for the Mentoring for Educational Success Initiative funding in the capital budget. The funding would assist in meeting the

goal of a 90 percent graduation rate by 2020 across the state. She mentioned that academic risks and academic failures had a strong correlation to involvement in the justice system.

[12:57:22 PM](#)

CLARK MILNE, UAF ALUMNI, FAIRBANKS (via teleconference), testified in support of funding for \$30 million for bridge funding for supplementation of the \$100 million appropriated last year. He noted that the \$30 million would be shared by the University of Alaska Fairbanks (UAF) and the University of Alaska Anchorage (UAA).

[12:58:23 PM](#)

JOMO STEWART, FAIRBANKS ECONOMIC DEVELOPMENT CORPORATION, FAIRBANKS (via teleconference), [undecipherable]. See Mr. Stewart's testimony later in the meeting.

[12:59:12 PM](#)

ROGER PEARSON, NIKISKI (via teleconference), testified in support for the Alaska history global web project. He supported the project which would digitize materials on Alaska history for museums and libraries around the state. He stated that 2017 would mark the 150th anniversary of the transfer of Alaska from Russia to the United States. The project would honor the past efforts of two great Alaska leaders; Governor William Egan and Senator Ted Stevens.

[1:00:44 PM](#)

LOU BENCARDINO, ALASKA VOCATIONAL TECHNICAL CENTER (AVTEC) SEWARD (via teleconference), was an Alaska Vocational Technical Center (AVTEC) board member and was employed as the dock manager for Alaska Railroad. He noted the request of \$375 thousand.

[1:01:55 PM](#)

JIM HUNT, CITY OF SEWARD, SEWARD (via teleconference), thanked the committee for the \$10 million for the Seward Marine Industrial Center Coastal Villages Home Port Effort. He noted that the project provided a crucial economic engine for the region.

[1:02:59 PM](#)

JOMO STEWART, FAIRBANKS ECONOMIC DEVELOPMENT CORPORATION, FAIRBANKS (via teleconference), testified in appreciation for the legislature's efforts in helping Fairbanks address its energy issues this session. He appreciated the difficult decisions and hard work.

[1:03:41 PM](#)

RON INOUE, FRIENDS OF THE UA MUSEUM TANANA YUKON HISTORICAL SOCIETY, FAIRBANKS (via teleconference), testified in support of full funding for the completion of the State Library and Archives and Museum (SLAM) building. The governor proposed \$20 million and the goal was a total of \$50 for project completion. He became interested in the project after two floods in the State Archive building. He believed that the new building would streamline services for museums and archives throughout the state. He pointed out the potential for economic diversity in Fairbanks as a result of the project.

[1:05:03 PM](#)

MAYOR JIM KACSH, CITY OF CORDOVA, CORDOVA (via teleconference) testified in support of the Cordova Center and the original request of \$7.7 million. The city secured an extra \$1.3 million reducing the need for state funding. A partnership from the state was required to access the EVOS funds and complete the project in 2014.

[1:05:53 PM](#)

BRET BRADFORD, CITY OF CORDOVA, COUNCIL MEMBER, CORDOVA (via teleconference), requested funding for the final \$5 million to secure \$5.3 million in EVOS funding for the Cordova Center. The Cordova Center was planned as a state-of-the-art facility with a library, museum, city hall, theater and convention facilities.

[1:06:53 PM](#)

KRISTIN CARPENTER, CITY OF CORDOVA, COUNCIL MEMBER, CORDOVA (via teleconference), echoed the request of the Mayor. She appreciated the consideration for the funds. She appreciated the committee's consideration of increasing the funding from the proposed \$1 million to \$5 million for

completion of the Cordova Center. The new building would eliminate energy inefficiencies of the existing facility. The center was designed as an economic development mechanism.

[1:08:15 PM](#)

TIMOTHY ROONEY, CITY/BOROUGH MANAGER, WRANGELL (via teleconference), requested the reinstatement of the supplemental revenue sharing to the budget for all of Alaska's municipalities. The sharing represented \$248 thousand additional dollars for Wrangell. The funds were utilized to offset increased energy costs in the community. The funds helped to offset reduced revenue resulting from the senior citizen property tax exemption.

[1:10:16 PM](#)

MAYOR LEW WILLIAMS, CITY OF KETCHIKAN, KETCHIKAN (via teleconference), testified in appreciation for the funding for reconstruction of the Ketchikan Medical Center. The center was owned by the city, but operated by Peace Health, a nonprofit organization. The facility covered Ketchikan, Prince of Wales Island, Metlakatla, Wrangle and Petersburg. The center was the number one priority for the region. The city of Ketchikan would contribute \$38 million in bonds supported by local sales tax.

[1:11:22 PM](#)

PATTI MACKEY, KETCHIKAN MEDICAL CENTER FOUNDATION, KETCHIKAN (via teleconference) testified in appreciation for the funding budgeted for the center's renovation project. The hospital and associated facilities were critical to providing health care throughout Southern South East Alaska. If the medical center cannot accommodate the surgical and clinical needs, patients would be required to travel out of the community incurring increased costs and disruptions of family life and delays in receiving lifesaving care.

[1:12:32 PM](#)

DAVID JOHNSON, PHYSICIAN, KETCHIKAN MEDICAL CENTER, KETCHIKAN (via teleconference), requested support for the center's additions and alterations. The center's surgical area was aging and limited clinical space affected the

ability to serve patients. The project was critical to retaining medical staff in the rural Alaskan community.

[1:13:40 PM](#)

JULIE SANDE, KETCHIKAN MEDICAL CENTER, KETCHIKAN (via teleconference), spoke in favor of a request for \$20 million for the Ketchikan Medical Center renovation project. She echoed prior testimony from Ketchikan regarding the crucial nature of the project.

[1:14:15 PM](#)

CINDI SQUIRE, TAKU COMMUNITY COUNCIL DISTRICT (via teleconference), testified in hope that the \$1.5 million for the Sylvan Drive reconstruction project would remain in the capital budget throughout the remainder of the legislative process.

[1:15:54 PM](#)

DR. ALEX HILLS, UAA SCHOOL OF ENGINEERING ADVISORY BOARD, PALMER (via teleconference), echoed the testimony of Clark Mills from Fairbanks and expressed appreciation for the \$30 million appropriation for the new engineering buildings at UAA and UAF. The new facilities were required for the education of the Alaska-grown engineers. He stated that he taught and lectured at many universities around the world.

[1:17:38 PM](#)

MAYOR LUKE HOPKINS, MAYOR, FAIRBANKS NORTH STAR BOROUGH, FAIRBANKS (via teleconference), requested the committee's consideration of the supplemental revenue sharing \$25 million one-time request.

[1:18:26 PM](#)

MEERA KOHLER, ALASKA VILLAGE ELECTRIC CO-OP, ANCHORAGE (via teleconference), testified in request of \$1.5 million for a feasibility analysis of the All-Alaska Energy Plan. The project encompassed a large scale generation of the North Slope and developing a large-capacity transmission grid to serve the entire state. She explained that the project would capture jobs that had been exported to the Lower 48 and to other countries. Only low-cost energy could reduce the cost of living in the state. The transmission grid

would allow the state to move power. She requested the restoration of the item in the capital budget.

[1:20:14 PM](#)

LINDA LEARY, CHAIR, ALASKA RAILROAD, SACRAMENTO (via teleconference), requested \$35 million for the Alaska Railroad for the Collision Control System as mandated by the federal government for passenger service. The Alaska Railroad had invested \$60 million and required additional funding for the remaining balance.

[1:22:46 PM](#)

LARRY DEVILBISS, MATSU MAYOR SOLDOVIA (via teleconference), testified in appreciation for \$60 million for municipal revenue sharing. He advocated for the \$25 million supplemental request for municipal revenue sharing.

[1:23:40 PM](#)

TIM DILLON, CITY MANAGER, SOLDOVIA (via teleconference) testified about a reappropriation of \$1.9 million for generators in his rural community. He requested the reinstatement of the \$1.9 million request in the capital budget.

[1:24:23 PM](#)

JEFF GREEN, CRAIG FACILITIES MANAGER, KETCHIKAN (via teleconference), testified in support of the budget gap funding of \$750 thousand. The Craig facility was the only year-round buyer of seafood products on Prince of Wales Island.

[1:26:29 PM](#)

JOSH VANDAGRIFF, ANCHORAGE (via teleconference), testified in support of the \$1.5 million project for Sylvan Drive improvements. He stated that the project would improve the sidewalk and drains in the densely populated area. The project would enrich the inhabitant's quality of life as well as their children's safety.

[1:27:20 PM](#)

ROBERT ORAVEC, ANCHORAGE (via teleconference) testified in support the \$1.5 million for the Sylvan Drive project. He noted that Sylvan Drive was the optimal access to the Old Seward Highway. He stated that pedestrians used Sylvan Drive without sidewalks to access the intersection for bus service.

[1:28:33 PM](#)

RENEE MCLAUGHLIN, HISTORIC KETCHIKAN, KETCHIKAN (via teleconference), testified in support of funding for the restoration of the Yates Memorial Hospital for \$49 thousand. The hospital had 110 years of history and required key stabilization measures. She added that the project would yield economic development benefits.

[1:29:55 PM](#)

BRIAN LEFFERTS, YUKON KUSKOKWIM HEALTH CORPORATION, BETHEL (via teleconference), testified in support of the reinstatement of \$5 million in the Department of Environmental Conservation capital budget as proposed by the governor. He noted that in-home plumbing was the greatest health intervention in history. He furthered that over 4000 homes in rural Alaska lacked running water and thousands more were served by aging systems at risk of losing their running water.

[1:31:51 PM](#)

RYAN RAY, SET FREE ALASKA, PALMER (via teleconference) testified for the reinstatement of \$1.4 billion to mitigate the substance abuse issues via the Freedom Project. He stated that the original request was for \$2.6 million and he requested that the first phase for \$851 thousand be added to the project.

[1:33:36 PM](#)

SHIRLEY MARQUARET, AML, UNALASKA (via teleconference), testified in support of the supplemental funding of \$25 million for municipality revenue sharing. She noted that many communities were struggling with significant financial pressure due to high energy costs. The funds were used to help compensate for the high cost of energy. She appreciated the \$60 million in revenue sharing placed in

the budget, but stressed the importance of reinstating the additional \$25 million.

[1:34:55 PM](#)

SUSAN KLEIN, VICE PRESIDENT COMMUNITY COUNCIL, ANCHORAGE (via teleconference), testified in opposition to the Elmore North Access Extension. She opined that funding the extension was premature before the district plan was completed.

[1:35:42 PM](#)

ROBERT CLAUS, CHAIR, CRAIG CITY SCHOOL DISTRICT (via teleconference), supported the addition of \$750 thousand for the inner island ferry system. He noted that school travel for academic competitions were essential to the program.

[1:36:32 PM](#)

DENNIS WATSON, GENERAL MANAGER, INTER-ISLAND FERRY, CRAIG (via teleconference), spoke in favor of funds for ferry service. He explained that the ferry service was essential and provided a road to resources. He stated that without the funds the ferry would have to discontinue service. He urged support for supplemental municipal revenue sharing.

[1:38:15 PM](#)

DENNIS JOHNSON, PROGRAM DIRECTOR, ALASKA PRETRIAL SERVICES, ANCHORAGE (via teleconference), spoke in support of funding for a pretrial program that provided a service to various communities. The program had a low rate of recidivism and helped with treatment of substance abuse problems. He stated that the program helped save money and paid for itself.

[1:40:06 PM](#)

VENUS WOODS, ALASKA NATIVE JUSTICE CENTER, ANCHORAGE (via teleconference), testified on behalf on the Partners for Progress Reduce Criminal Recidivism Program. She expressed appreciation for the capital budget request.

[1:40:37 PM](#)

PAT BRANSON, MAYOR, KODIAK (via teleconference), appreciated the funding for the \$500 thousand in the capital budget for the replacement for the pump house, which serviced Kodiak residents' and canneries' water needs. She requested reconsideration of the funding of the very important health and safety project.

[1:41:36 PM](#)

GARY SNIDER, ANCHORAGE (via teleconference) testified in support of the removal of \$20 million for northern access to the University and Medical District area. He explained that residents of the University area were not in favor of increased traffic.

[1:42:17 PM](#)

AMANDA METIVIER, FACING FOSTER CARE IN ALASKA, ANCHORAGE (via teleconference), testified in support of funding for the recommended increase for state child protection staff. She stated that a recent study recommended \$22 million in funding for the staff support that were overburdened and overworked. The funding would decrease the turnover rates among state child protection staff.

[1:43:18 PM](#)

LESLIE ROHR, LOVE INC., KENAI (via teleconference), testified in support of the funding for the purchase and beginning renovation of the future family hope center project. She noted that Love Inc. in Kenai served over 80 families a year with urgent shelter and transitional housing. Her organization had support of the school district and Alaska Housing Finance Corporation (AHFC).

[1:44:32 PM](#)

PATRICK CHANDLER, CENTER FOR ALASKA COASTAL STUDIES, HOMER (via teleconference), testified in support of the \$1 million to clean up debris generated by the 2011 tsunami in Japan. He noted that it was essential to the state's coastal habitats that the debris was removed as quickly as possible. He noted that the funding would help protect Alaskan ecosystems and fisheries.

[1:45:34 PM](#)

MERRILL SANFORD, MAYOR, JUNEAU testified in support of the Juneau access road. He reassured that the majority of the city assembly had interest in seeing the Juneau access built following the conclusion of the litigation.

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Vice-Chair Neuman CLOSED public testimony.

[1:46:49 PM](#)

AT EASE

[2:24:21 PM](#)

RECONVENED

Co-Chair Stoltze introduced the amendment packet.

Co-Chair Stoltze MOVED Amendment 1. Representative Costello objected for the purpose of discussion.

AMEND THE FOLLOWING SUBSECTION

*Sec. 21. FUND CAPITALIZATION

(f) The sum of \$25,000,000 is appropriated from the [GENERAL FUND] Alaska Housing Capital Corporation Account to the in-state natural gas pipeline fund (AS 31.25.100).

Explanation: this amendment corrects a fund source for the in-state natural gas pipeline fund. The funding source for this appropriation should be from the Alaska Housing Capital Corporation account, not the general fund.

Co-Chair Stoltze clarified that the amendment properly placed the item in the capital budget. Representative Costello WITHDREW her OBJECTION. There being NO OBJECTION, it was so ordered. Amendment 1 was ADOPTED.

[2:25:38 PM](#)

Co-Chair Stoltze explained that Amendment 2 would be skipped and reintroduced at the end of the meeting's amendment process.

Co-Chair Stoltze MOVED Amendment 3. Representative Costello OBJECTED for the purpose of discussion.

AMEND PAGE 16, LINES 17-20

Kenai Peninsula Borough
[500,000]\$1,500,000[500,000]\$1,500,000
Soldotna High Schools
Artificial Turf Field (HD 28-30)

Explanation: This amendment increases funding for the project by \$1 million (from \$500,000 to \$1,500,000). The additional funding is from the Alaska Capital Income fund

Mr. Michel discussed the amendment. Amendment 3 changed page 16, lines 17-20 of the CS. He noted that the title was corrected and the amount allocated was increased by \$1 million.

Co-Chair Stoltze explained that the mistakes made by staff were excusable in the busy time of the session.

Representative Costello WITHDREW her OBJECTION. There being NO OBJECTION, it was so ordered. Amendment 3 was ADOPTED.

[2:26:47 PM](#)

Representative Thompson MOVED Amendment 4. Co-Chair Stoltze OBJECTED for discussion.

Page 14, line 13
Delete: Station 34 Driveway Repair
Insert: Station 3 Driveway Repair

Representative Thompson explained the typographical error changing station 3 to station 34. Co-Chair Stoltze WITHDREW his OBJECTION. There being NO OBJECTION, it was so ordered. Amendment 4 was ADOPTED.

[2:27:12 PM](#)

Co-Chair Stoltze MOVED Amendment 5. Representative Holmes OBJECTED for discussion.

AMEND PAGE 59 LINES 10-11
Remove "Research, Restoration"
AMEND PAGE 59 LINES 22
After "Salmon" insert "Research, Restoration and"

Co-Chair Stoltze explained that Department of Fish and Game staff informed the committee of the need to further define the language in the fisheries appropriation. Representative

Holmes WITHDREW her OBJECTION. There being NO OBJECTION, it was so ordered. Amendment 5 was ADOPTED.

[2:27:54 PM](#)

Co-Chair Stoltze MOVED amendment 6. Representative Costello OBJECTED for discussion.

Agency:

Department of Commerce, Community and Economic
Development
Grant to Named Recipient (AS 37.05.316)

Project:

Homer Electric Association, Inc. - Replacement of
Seldovia Emergency Generators

Amount:

\$250,000

Funding Source:

Alaska Capital Income Fund

Explanation:

The project would replace two stand-by generators that provide emergency power to south Kachemak Bay communities.

To ensure that south Kachemak Bay residents are not left without power for an extended period of time, Homer Electric Association has two 1,259 kilowatt standby generators located at the Gerry Willard Generation Plant in Seldovia. The two generators are used to supply power to the area when central station power is not available. They are critically important to the area, especially in the winter when an extended power outage is not uncommon. The existing back-up generation system in Seldovia is in need of replacement.

The two refurbished generators are beyond their expected operating life and are in constant need of attention while running. Many of the parts needed to repair these generators are no longer available and, in past cases, have had to be fabricated overseas and at great expense. The potential for a breakdown is increasing each year and the consequences of a

malfunction can be very serious if the weather is bad and the temperatures are cold.

Co-Chair Stoltze explained that a reappropriation from the other body for \$1.9 million utilized an improper fund source within the district appropriation. The energy project was critical and the expectation was created to fund the project.

Representative Costello WITHDREW her OBJECTION. There being NO OBJECTION, it was so ordered. Amendment 6 was ADOPTED.

[2:29:10 PM](#)

Co-Chair Stoltze MOVED amendment 7. Representative Costello OBJECTED for discussion.

Page 35, line 3
Delete 175,000
Insert 100,000

Insert New Grant to Names Recipient Agency:

Department of Commerce, Community and Economic
Development
Grant to Names Recipient (AS 37.05.316)

Project:

Junior Achievement of Alaska - Statewide K-12 Business
Education Program

Amount:
\$75,000

Funding Source:

General Funds

Explanation:

Funds will be used to support K-12 economic education programs in Anchorage, Kenai, Fairbanks, and Mat-Su. Included I the grant is funding to support programs in rural Alaska. This would include, but no limited to schools in the North Slope, Northwest Alaska, the YK Delta, Southeast and Southwest Alaska.

Mr. Michel explained the amendment provided a zero fund change because no additional monies were added to the capital budget. The money was simply transferred from one project to the Junior Achievement of Alaska Statewide K-12 Business Education Program.

Representative Costello WITHDREW her OBJECTION. There being NO OBJECTION, it was so ordered. Amendment 7 was ADOPTED.

[2:29:56 PM](#)

Co-Chair Stoltze MOVED amendment 8. Representative Costello OBJECTED for the purpose of discussion.

Page 22, following line 21:
Insert new material to read:

Appropriation Items 150,000
General Fund 150,000"

Adjust fund sources and totals accordingly.

Page 22, lines 26-27:
Delete all material.

Adjust fund sources and totals accordingly.

Mr. Michel explained that Amendment 8 was proposed for House District 1. Funding from federal receipts was discovered and a new project, The North Pole Archival System replaced the prior project.

Representative Costello WITHDREW her OBJECTION. There being NO OBJECTION, it was so ordered. Amendment 8 was ADOPTED.

[2:30:44 PM](#)

AT EASE

[2:35:21 PM](#)

RECONVENED

Co-Chair Stoltze WITHDREW Amendment 2 and MOVED new Amendment 2, which was sponsored by all members of the committee. Representative Costello OBJECTED for discussion.

Sec. A. DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT. The sum of \$21,000,000 is appropriated from the general fund to the Department of Education and Early Development to be distributed as capital grants to school districts according to the average daily membership for each district adjusted under AS 14.17.410(b)(2)(A) - (D) for student safety and security enhancement, and for school districts with an average daily membership of 4,500 or less, for student safety and security enhancement, for fixed costs and energy relief.

Sec. B. This Act takes effect July 1, 2013

Co-Chair Stoltze explained that amendment added to the already existing \$25 million. The amendment was education-based for capital projects addressing safety and security. The one-time funding would augment the schools funding. He noted that the larger urban schools displayed a greater need for security upgrades so the amendment provided flexibility for the smaller schools to participate in the security safety and enhancement funding. The funding could also be used for fixed costs and energy relief.

[2:37:25 PM](#)

Representative Holmes supported the amendment and the ability to supply new security projects to improve the safety and security. She advocated for a broad interpretation of the language.

Representative Wilson requested testimony from the commissioner. She asked if the security upgrades were linked to the shooting incident in Connecticut.

COMMISSIONER MIKE HANLEY, COMMISSIONER, DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT, replied that superintendents around the state were interviewed following the Connecticut incident and each school's security needs were identified.

Representative Wilson asked if the discussion provided a mandate regarding the budget. Commissioner Hanley replied yes that safety issues and financial challenges were identified in the process.

Representative Wilson understood that the survey would be performed again to address security needs. She wished to be proactive with the security process. She understood that her districts were reviewing plans for new locks and a front door monitor.

[2:40:46 PM](#)

Representative Kawasaki asked about larger school districts and their security measures, which were addressed in other capital budget items. He asked about rural school districts and their security needs. Commissioner Hanley replied that the needs were identified and the best way to address them was determined. He stressed that each community was different so a formula was not useful. Decisions about student safety were made at a local level.

[2:41:42 PM](#)

Representative Kawasaki stated that his district composed a plan for capital appropriations in relation to student safety needs. He asked if the funding might lapse into a future year. Co-Chair Stoltze stated that a length of ability existed for capital projects. The grant would be treated in a standard method. The grant allowed the school districts latitude to shift resources from security initiatives to other needs. The intent of the amendment was to allow flexibility and to prevent money from being drawn away from classrooms.

Representative Kawasaki appreciated that the amendment would provide for enhanced security needs in schools. He understood that small rural district could now take advantage of the opportunity for security enhancements along with the fixed costs of energy. He stated that larger school districts encountered similar energy concerns, especially in Fairbanks.

[2:44:13 PM](#)

Representative Gara stated that most school districts did not have the expertise to determine their security needs. He wondered if the department would provide efficient ideas for school security to the various districts. Commissioner Hanley replied that multiple resources for security existed. The primary resource was the control and monitor of the building's entrance. He stated that the department

would not be working with the districts to determine the best resources for their schools.

Representative Gara opined that a central clearing house would be valuable to the districts without the necessary expertise. Commissioner Hanley replied that the department did have access to resources and would share the information with those districts seeking it.

Representative Gara believed that the department could best determine the most efficient safety approaches.

Co-Chair Stoltze agreed that the department ought to provide resources to enable school districts to choose the optimal security plans. He noted that some districts deferred such guidelines.

[2:46:43 PM](#)

Representative Costello liked the broad nature of the amendment. She noted additional safety considerations that were available through the increment. She shared a story about visiting a school with poorly functioning windows, which she deemed a fire hazard. She added that drop-off zones also required additional attention to promote student safety.

[2:48:00 PM](#)

Representative Thompson supported the amendment. He did not agree with the department dictating the individual school projects. He shared that larger schools required more funding to correct their security issues. He noted that Fairbanks arrived at a \$30 thousand per school appropriation.

[2:48:58 PM](#)

Co-Chair Stoltze stated that the fiscal year ending June 30, 2014 would lapse under AS 37.25.020, the traditional lapse date.

Representative Kawasaki appreciated the additional intentions stated about the amendment. He asked how the department anticipated distribution of the funds.

Co-Chair Stoltze explained that the role of the department was to create the formula.

Commissioner Hanley stated that the intent language of the amendment was clear. The funds would be distributed per statutory language based on the adjusted average daily membership.

Co-Chair Austerman highlighted that the amendment stated a one-time funding source in the capital budget as opposed to the operating budget.

Co-Chair Stoltze MOVED that the last line of section (a) after "energy relief" there would be a period. He MOVED to DELETE "for the fiscal year ending June 30, 2014" adding a new section (c) "This Act lapses under AS 37.25.020" as stated on page 148 of the bill. There being NO OBJECTION, it was so ordered.

Representative Costello WITHDREW her OBJECTION. There being NO OBJECTION, it was so ordered. Amendment 2, as amended was ADOPTED.

Representative Gara MOVED Amendment 9. Co-Chair Stoltze OBJECTED for discussion.

Page 106, line 27:
Delete "3,390,000"
Insert "5,413,521"
Delete "4,975,000"
Insert "6,998,521"

Page 106, following line 31:
Insert new material to read:
"APPROPRIATION GENERAL
ITEMS FUND
Workload Study Implementation 2,023,521 2,023,521
Social Worker Support Staff"

Adjust fund sources and totals accordingly.

Representative Gara stated that the Office of Children's Services commissioned a study to address their chronic workforce shortage. He understood that the commissioner suggested that master's level social workers were not necessary to solve the shortage. The shortage levels were acute in Mat-Su and in the rural areas. He suggested hiring

support staff as determined by a study commissioned in 2011. He lamented that the results of the study were unavailable during the operating budget process. The opportunity to address the issue in the operating budget was missed due to the lack of the study's data. The study's findings were finally available and the data showed that 45 additional support staff would improve the situation immensely.

[2:54:38 PM](#)

Co-Chair Stoltze noted that the funding vehicle existed for the operating budget. He expressed discomfort with the amendment's process.

Representative Wilson assumed that the intent was for the department to return to the legislature in the operating budget process to prove the process.

[2:55:35 PM](#)

DAVID TEAL DIRECTOR, LEGISLATIVE FINANCE DIVISION, stated that the amendment changed the structure of the FY 13 budget because it was located in section 7 of the bill. The amendment would not provide operating money for FY 14. The amendment added \$2 million to the FY 13 budget. He did not believe that the amendment served the sponsor's intention.

Representative Gara stated that his intention was to include the amendment in the FY 14 budget. He stated that he was unable to address the item in the conference committee.

A roll call vote was taken on the motion.

IN FAVOR: 3

OPPOSED: 8

Amendment 9 FAILED.

Co-Chair Stoltze WITHDREW his OBJECTION. There being NO OBJECTION, it was so ordered.

Representative Costello MOVED to REPORT HCSCSSB 18 (FIN) out of committee with individual recommendations.

HCSCSSB 18 (FIN) as amended was REPORTED out of committee with a "do pass" recommendation.

#HR8

HOUSE RESOLUTION NO. 8

Establishing the Task Force on Sustainable Education in the House of Representatives.

[2:59:21 PM](#)

Representative Costello MOVED to ADOPT the proposed committee substitute for CSHR 8, 28-LS0732\O, Mischel, 4/13/13, Work Draft (FIN). Co-Chair Stoltze OBJECTED for discussion.

REPRESENTATIVE LYNN GATTIS, explained the CS. She noted that the concept of introducing a task force on sustainable education began in 2012 through a bill from the former chair of the education committee. The number of task force members was reduced to 8. The language of the education standards to be adopted was removed as the language was based on an older model. The report was changed from October 2014 to January 2014. State funding support for public education was increasing at a significant rate, yet many districts struggled to maintain instructional programs.

Representative Gattis concluded that HR 8 would establish a task force in sustainable education to meet during the interim to investigate and make recommendations to the state House. The task force would be co-chaired by both chairs of the House Education Committee and the House Finance Subcommittee on Education and Early Development. The intent of the task force would be to examine different methods of education.

Co-Chair Stoltze clarified that the date for report submission was changed from October 1, 2014. Representative Gattis agreed and noted that the CS listed the new date as January 2014 with the legislative session.

Representative Edgmon hoped that the task force would encompass a well-rounded group of members.

Representative Gara appreciated the creation of the task force. He disagreed with the statement on line 4 and wished to avoid conflict on the House Floor.

Co-Chair Stoltze WITHDREW his OBJECTION. There being NO OBJECTION, it was so ordered.

Representative Wilson MOVED to REPORT HR 8 out of committee with individual recommendations and the accompanying fiscal note.

CSHR 8 was REPORTED out of committee with a "do pass" recommendation and with one new fiscal note from the Legislature.

[3:05:57 PM](#)

ADJOURNMENT

The meeting was adjourned at 3:06 p.m.