

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

January 23, 2014

1:06 p.m.

MEMBERS PRESENT

HOUSE TRANSPORTATION

Representative Peggy Wilson, Chair
Representative Doug Isaacson, Vice Chair
Representative Eric Feige
Representative Lynn Gattis
Representative Craig Johnson
Representative Bob Lynn
Representative Jonathan Kreiss-Tomkins

SENATE TRANSPORTATION

Senator Dennis Egan, Chair
Senator Anna Fairclough
Senator Click Bishop

MEMBERS ABSENT

SENATE TRANSPORTATION

Senator Fred Dyson, Vice Chair
Senator Hollis French

COMMITTEE CALENDAR

PRESENTATION BY COMMISSIONER, PAT KEMP, DEPARTMENT OF
TRANSPORTATION & PUBLIC FACILITIES

- HEARD

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

PAT KEMP, Commissioner
Office of the Commissioner

Department of Transportation & Public Facilities (DOT&PF)
Juneau, Alaska

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

JOHN BINDER, Deputy Commissioner
Department of Transportation & Public Facilities (DOT&PF)
Anchorage, Alaska

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

KIM RICE, Deputy Commissioner
Department of Transportation & Public Facilities (DOT&PF)
Juneau, Alaska

POSITION STATEMENT: Answered questions during an overview of the Department of Transportation & Public Facilities (DOT&PF).

JEFF OTTESEN, Director
Division of Program Development, Department of Transportation & Public Facilities (DOT&PF)
Juneau, Alaska

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

ACTION NARRATIVE

[1:06:40 PM](#)

CHAIR DENNIS EGAN called the joint meeting of the Senate and House Transportation Standing Committees to order at 1:06 p.m. Representatives Gattis, Isaacson, Lynn, and P. Wilson and Senators Bishop and Egan were present at the call to order. Representatives Kreiss-Tomkins, Johnson, and Feige and Senator Fairclough arrived as the meeting was in progress.

Presentation by Commissioner, Pat Kemp, Department of Transportation & Public Facilities

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SENATOR EGAN announced that the only order of business would be an overview of the Department of Transportation & Public Facilities by Commissioner Pat Kemp.

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PAT KEMP, Commissioner, Department of Transportation & Public Facilities, recalled that, in the last year, the department had created an executive management team which included the deputies, the administration director, and the regional directors. He declared that these monthly team meetings had worked well, especially for reviewing the department as a whole. He spoke about the benefit of intellectual capital, many years of experience at the top of the department, and the unique opportunity this offered to improve services, improve efficiencies, and move back to the core mission. He declared it to be a cohesive management team, with everyone working toward solutions.

[1:12:36 PM](#)

COMMISSIONER KEMP reflected that there was now better internal and external communication, specifically between the regions and headquarters. He relayed that, although there were more federal mandates which created additional costs, the Federal Highway Administration (FHWA) and the Federal Aviation Administration (FAA) were working in conjunction with the Department of Transportation & Public Facilities (DOTPF), which had also led to improved communications with the US Army Corps of Engineers. He anticipated better priority on projects. He declared that, as DOTPF was so large, it was more difficult to effect change within.

[1:15:18 PM](#)

REPRESENTATIVE FEIGE asked for the reason that these improved communications had occurred.

COMMISSIONER KEMP offered his belief that it was a combination of reasons, as a variety of federal decisions did not fit in Alaska. He offered an example of the federally mandated glide ratio for airports, noting that most of the airports in the Lower 48 had roads connected with the airports, which was not the case in Alaska. He shared that improved communications now allowed him to contact the federal agencies to explain the differences in Alaska.

COMMISSIONER KEMP, reflecting on the difficulty of "pulling everyone together" in a large, very diverse agency, stated that the philosophy for communication was now in place, which had started at the top of the department.

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COMMISSIONER KEMP listed the accomplishments of the department in 2013, which included maintenance of the highways and the airports, page 3 of the handout titled "Overview for 2014 Alaska Legislature." [Included in members' packets] He declared that the department did the things it needed to do. He directed attention to a list that he had compiled, titled "2013 Noteworthy Milestones," [Included in members' packets] which were a direct result of the organization and knowledge within the department.

[1:19:19 PM](#)

COMMISSIONER KEMP pointed to item 2 of the "2013 Noteworthy Milestones." He explained that the policy for repaving the surfaces of roads with more than 5000 vehicles per lane with a hard rock aggregate had reduced rutting, pointing to Egan Drive as an example. He surmised that this had resulted in three times the roadway life, which has been a huge cost savings. He reported that both DeBarr Road and Dimond Boulevard had also been repaved during the previous summer with hard rock aggregate from Cantwell.

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REPRESENTATIVE FEIGE asked where additional sites of the hard rock aggregate were located.

COMMISSIONER KEMP replied that Haines and Dupont were the only other sites, and that additional hard rock had been brought in from British Columbia. He explained that the Dupont rock was on the shore, and described it as "the toughest rock that made it over all the eons to shore from the mountains, in the coastal mountains ... only the strongest rock survived."

[1:23:12 PM](#)

COMMISSIONER KEMP directed attention to item 5 of the milestone list, which discussed the modified speed limit policy to allow for more reasonable driving speeds on remote rural roadways, including the Glenn, Richardson, and Alaska Highways. He opined that this incorporated more safety on the roadways, as the theory was that the users could set the speed limits.

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REPRESENTATIVE ISAACSON expressed his support for what the department had done. He said that increasing the speed limits from Salcha to Fairbanks could also be helpful. He asked for clarification that the additional previous requirements had lessened safety, and, if the faster speeds were safer, could it be done elsewhere.

COMMISSIONER KEMP replied that safety had been increased when the speed limit was brought under a certain policy. He declared that drivers would drive at the speed limit they were most comfortable with, and he suggested that overall studies reported that 85 percent of the drivers "drive the right speed" which he labelled the "85th percentile speed." He explained that artificially lowering this speed limit resulted in more rear end accidents due to disparate speeds.

REPRESENTATIVE ISAACSON asked if there was consideration for the aforementioned Salcha to Fairbanks route.

COMMISSIONER KEMP replied that the Fairbanks North Star Borough (FNSB) had requested to maintain the artificially lower speed limit. He expressed his discomfort at driving the posted speed limit of 55 mph on that stretch of roadway. He stated that 85 percent of the drivers on this roadway would drive at the speed they felt most comfortable.

REPRESENTATIVE ISAACSON pointed out that the FNSB did not have enforcement power on that roadway, and that the first responders came from the City of North Pole. He suggested that DOTPF engage with the municipalities for further discussion.

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REPRESENTATIVE FEIGE shared that an unofficial pre-session survey in his district indicated that the change of speed limits had not changed driver activity, and that it had been well received. He shared that he maintained the 55 mph speed limit on the aforementioned Salcha roadway, as there were always City of North Pole police cruisers present.

COMMISSIONER KEMP expressed that he had also observed the police cruisers, although it was difficult for him to slow to 55 mph.

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COMMISSIONER KEMP referred to item number 3, the Anchorage Airport master plan, noting that he was "not around when the department first came out with a master plan." He opined that the department may have jumped too quickly to a conclusion, and that the former plan had been untenable. He stated that the current plan more accurately described a means to maximize the existing assets, until an additional runway was constructed. He offered his belief that the department had done a good job with this revised plan. He declared that the 16 noteworthy milestones were a list that he had compiled of items that went above and beyond the normal course of business, reflecting a product of "the way we're organized and the way we're trying to manage the department."

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REPRESENTATIVE ISAACSON suggested increasing the marketing efforts of Fairbanks as it was on "the Great Circle" and in some instances, closer than Anchorage to some destinations. Referring to item 16, he asked about the success for the use of the salt and beet brine solution statewide, and what were the storage considerations. He asked if the state should grow beets.

COMMISSIONER KEMP replied that there had been experimentation with the solution throughout Alaska, and although there were

some problems in colder temperatures, it was working well in some parts of Anchorage and the Kenai Peninsula. He declared that success was dependent on the rates of application and the operator training. He opined that, in the long run, it would save money. He reported that highway ice-ups were a huge problem in Fairbanks, and that this solution worked well as an anti-icing remedy.

REPRESENTATIVE ISAACSON asked if there were any storage issues, such as chemical reactions, to preclude bulk purchasing.

COMMISSIONER KEMP replied that he was unaware of any chemical reaction, but that costs for the proposed salt storage sheds would be recovered within a year or two due to the bulk savings.

CHAIR EGAN asked if the anti-icing solution was less corrosive.

COMMISSIONER KEMP expressed his agreement. He added that there were suggestions that the solution had attracted moose in the Anchorage Bowl area; however, research in other areas did not support this.

CHAIR P. WILSON pointed out that a reduction in the use of sand had led to savings for the municipalities during the clean-up.

COMMISSIONER KEMP expressed his agreement, and stated that this would also save money in the long term. He said that 2013 had been a very good year, but the MAP 21 challenge still had to be addressed, slide 4 "Where are We Headed?". He reminded the committee that, last year, he had suggested either funding the projects with state dollars, or eliminating projects. He declared that this was now at least a \$600 million problem. He stated that the state was now overprescribed on its non-NHS routes, as a result of MAP-21, in which Congress had dictated that funding be directed toward commerce and freight corridors. These NHS routes included the mainline ferry system and other routes beyond the secondary and community routes.

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CHAIR EGAN asked for a definition to community route.

COMMISSIONER KEMP pointed to the North Douglas Highway as a non-NHS community route.

CHAIR EGAN asked for clarification whether Egan Drive was an NHS route.

COMMISSIONER KEMP replied that this included Egan Drive, as well as most of the major corridors in the north. He pointed out that the Anchorage Bowl was not affected due to the Anchorage Metropolitan Area Transportation Solutions (AMATS), but that many routes in the Matanuska-Susitna Borough were non-NHS. He explained that determination was by a complicated formula, but the DOTPF had to strive for solutions. He noted that the statewide revenue problem and lack of state funding could necessitate changes.

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COMMISSIONER KEMP stated that, although his department could do anything, it takes time as there was a finite amount of resources. He declared that DOTPF was working toward more efficiency.

[1:40:01 PM](#)

REPRESENTATIVE GATTIS asked what type of extra-curricular activities would be phased out.

COMMISSIONER KEMP, in response, reported that statewide mapping would be transferred to Department of Natural Resources, although DOTPF would continue to provide support with its GIS system, which was tied to federal program requirements.

[1:40:44 PM](#)

REPRESENTATIVE ISAACSON commented that DOTPF had been very supportive of the overall state mapping project, and he hoped that the department would continue to share the information.

COMMISSIONER KEMP clarified that the department was continuing its support with that partnership. He gave an example of the Ambler road, a resource road, and shared that the department had retained its partnership with Alaska Industrial Development and Export Authority (AIDEA). He stated his willingness to let these extra-curricular projects move to other agencies which could be more effective.

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COMMISSIONER KEMP declared that the department was working more closely with the Alaska State Legislature, especially with transportation issues in the Matanuska-Susitna Borough. He noted that the borough had hired a transportation director, whom the department met with every few months. He opined that good changes were occurring. He clarified that it took between five to ten years from project inception to completion. He expressed his desire to have policies and structure in place that would sustain the changes he had put into place.

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CHAIR EGAN asked for an update on the recently stormed damaged Gustavus dock.

COMMISSIONER KEMP pointed out that the dock project had been implemented prior to his tenure, and that he was unsure if the existing dock would suffice in Gustavus. He declared that the department would review the dock and work toward a solution.

[1:45:09 PM](#)

REPRESENTATIVE FEIGE, referring to item 15, the increased use of herbicides, on the "2013 Noteworthy Milestones," asked how the change in regulations had allowed for this to be counted as a milestone.

COMMISSIONER KEMP replied that, although there was the ability to maintain a good pesticide program, the new regulations had been more reasonable for working through the process. He shared that other groups wanted to piggyback on the department permit.

He declared that this would not result in mass spraying, but rather point spraying under guardrails and other difficult places. He stated that, over the long run, keeping the brush down would save millions of dollars and enhance safety, and he lauded the results of the last year.

[1:47:23 PM](#)

REPRESENTATIVE FEIGE said one of the biggest hazards on the Richardson and Glenn Highways is moose and vehicular collisions. He asked whether herbicide application has been helpful with moose issues and if any decrease in collisions has occurred.

COMMISSIONER KEMP answered that the department just started applying pesticides last year; however, it will take multiple years to change the plants to low-lying weeds that will prevent other brush from emerging. Initially, the department will need to mechanically remove the trees and brush, followed by a maintenance application. He offered his belief this will be a good thing for the department since the DOT&PF cannot currently accommodate its ongoing brushing problems. For example, the department encounters include roots growing under the pavement, shaded areas, and brush obscuring animals so they are not visible to motorists. He reiterated these issues can be addressed unless something like pesticide application is done. Most states have an active herbicide program and while the department has the authority to use chemicals, it is a little behind the times.

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CHAIR P. WILSON shared that some of her constituents have expressed concern that runoff will adversely impact fisheries and fish quality will be compromised by the chemicals used. She asked the commissioner to elaborate on potential impacts and the types of herbicides being used.

COMMISSIONER KEMP said, "Believe me, I don't want a thumb growing out of my forehead either." He suggested a fine line exists between the DOT&PF's pesticide use and the science behind it so he has relied on the Department of Environmental

Conservation's (DEC's) analysis with respect to the type of herbicides to use. He suggested the DEC could come before the committee to provide details on the science aspects of pesticide use.

[1:50:19 PM](#)

REPRESENTATIVE ISAACSON assumed [the Moving Ahead for Progress in the 21st Century Act] (MAP-21) and [Fairbanks Metropolitan Area Transportation Solutions] (FMATS) funding will be covered in Finance subcommittee meetings.

COMMISSIONER KEMP responded that the department is currently working on the funding issues. He explained federal funding expenditure parameters have changed and MAP-21 funds can no longer be spent on some projects as previously allowed by the Federal Highway Administration (FHWA). Typically, charges accrue for the design or permitting process as the DOT&PF works on projects. When the DOT&PF cannot complete projects the state must reimburse the federal government; however, he offered his belief that since MAP-21 instituted the funding changes the state basically will have a "free pass" on reimbursements. He said the department has currently been working with federal agencies but must now hold serious discussions on MAP-21 funding issues.

[1:52:28 PM](#)

REPRESENTATIVE JOHNSON asked for an assessment of pipeline preparedness. He related his understanding from DOT&PF's prior updates that substantial funding will be needed to upgrade roads, bridges, and ports in order to transport materials for the proposed pipeline, for example, on the Dalton Highway or other routes. He asked whether the department has focused on this. He would like the DOT&PF's assurance that during construction an [Environmental Impact Statement] (EIS) will not hold up Alaska's pipeline. He understood additional funding will be necessary for upgrades for bridges; however, the pipeline is closer to being a reality than ever before and he believes the DOT&PF will play a key role.

COMMISSIONER KEMP offered to answer the question in several segments. First, when he returned to DOT&PF [as commissioner] he reviewed the department's pipeline infrastructure needs list. He vaguely recalled the figure was over \$1 billion; however he questioned the need for some of the expenditures. Thus, the DOT&PF revisited and examined the infrastructure needs list and internally agreed on the anticipated needs. For example, he recalled one item was to replace a truss bridge across the Gerstle River since it couldn't handle the substantial loads necessary for the pipeline use. In its review, the DOT&PF determined that loads of this magnitude would only happen every few months so instead of the replacing the bridge, an alternative solution was found - trucks could take the Tok cutoff and Richardson Highway and bypass the bridge entirely.

COMMISSIONER KEMP continued. Secondly, during the pipeline debate period the DOT&PF began work to repair the state's bridges. In fact, he understood the Richardson Highway will be fully capable of handling additional proposed pipeline traffic. Third, with respect to the pipeline, the biggest issue on the Parks Highway is ensuring that regular traffic will be safely accommodated. Therefore, the DOT&PF has worked on significant passing lane projects that will allow trucks to pull over so traffic can pass. Further, although the department previously made a commitment to the Alaska Trucking Association (ATA) to have the Parks Highway weight-restriction free, he determined the DOT&PF would incur significant costs for road upgrades. Additionally, he determined that weights must be restricted in the spring and fall. He has informed Aves Thompson, ATA, of his findings and the organization accepts this decision. He recapped that over \$100 million would have been required to upgrade the Parks Highway to accommodate perhaps 10-20 overweight vehicles per year, but other options exist, such as transportation loads by train. He described his department's approach has been to take a common-sense approach on the proposed pipeline issues and in doing so in his estimation the infrastructure is fine, the department is ready for the pipeline, and can react quickly to anything that might come up.

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COMMISSIONER KEMP pointed out that he recently received numerous comments on hauling double trailers on the Glenn and the Parks [Highway] and while the department will consider these requests he has concluded that safety "trumps" other considerations.

REPRESENTATIVE JOHNSON responded that he is "tickled" with Commissioner Kemp's answer. He recalled DOT&PF's anticipated pipeline upgrade cost estimates were approximately \$1.6 billion. Thus, to have the department indicate it is ready represents great news. He commended Commissioner Kemp for his common-sense approach efforts on the issues, especially noting the magnitude of anticipating a proposed pipeline project. He asked the commissioner to review his figures and let the legislature know if anything changes.

[2:00:22 PM](#)

SENATOR BISHOP thanked Commissioner Kemp for his timely response to inquiries. He has particularly appreciated the department's leadership with respect to the apprenticeship opportunities on DOT&PF projects since it trains the next generation of Alaskans. He commended the DOT&PF on its response to a Glennallen project, in which a local contractor had expressed concerns and the matter was handled timely. He further commended Commissioner Kemp on the "tow plow" accommodations since these changes represent another example of cost savings to the state.

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REPRESENTATIVE FEIGE reiterated similar gratitude related to his legislative district. As the Richardson Highway improves and becomes capable of handling loads, he also expressed an interest in the department applying some funds to reconstruction efforts and safety improvements on the last remaining section - mile 66.5 to mile 92 - of the Glenn Highway. Significant twist and turns, as well as falling rocks create problems and have been one of the major sources of complaints in the district. Secondly, he mentioned that outhouse closures [on the Richardson Highway] present a problem for motorists, in particular, since the Paxson Lodge has closed. It's approximately a 4.5 hour drive from Delta Junction to Glennallen, with few options for

motorists in need of restroom facilities. He acknowledged some outhouses are available, although he was unsure whether they were DOT&PF facilities. He requested that more outhouses be open for the public's use during the winter.

COMMISSIONER KEMP admitted a disparity on restrooms currently exist, noting that in the Northern Region restrooms are usually kept open, but are shut down in the Central Region in the winter. He said this item is on the department's list of things to review for consistency. He agreed that it's best to keep the facilities open, although some of the facilities are managed by the Department of Natural Resources (DNR). He said he fully understands the issue.

REPRESENTATIVE FEIGE reiterated that the Paxson Lodge was often the rest stop but is now closed.

[2:04:58 PM](#)

JOHN BINDER, Deputy Commissioner, Department of Transportation & Public Facilities, introduced himself.

COMMISSIONER KEMP explained that the former deputy commissioner, Mr. Hatter, left the department to take a job in the private sector. Mr. Binder worked last summer as the operations manager for the Statewide Aviation, with jurisdiction over 250 rural airports. He's recently begun his job as deputy commissioner.

SENATOR BISHOP welcomed him.

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MR. BINDER offered to provide a PowerPoint update on DOT&PF's Alaska's aviation system. He said aviation is fundamental and critically important to Alaska. He turned to the DOT&PF's mission statements, reading, "Keep Alaska moving through service and infrastructure." Under the mission's umbrella, the two aviation components have developed purpose statements. The Alaska International Airport System's (AIAS) mission statement reads: "To keep Alaska flying and thriving," which emphasizes the business enterprise role in Alaska's economy. The Statewide

Aviation (SWA) services many rural communities without road access. SWA's mission statement reads: "To sustain and improve the quality of life throughout Alaska."

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MR. BINDER, noting he oversees the AIAS and the rural airport systems, described the organization of DOT&PF's aviation program [slide 3]. Overall, the DOT&PF owns 254 airports, with 252 airports falling under the rural airport system - often referred to as Statewide Aviation or (SWA). The AIAS was established 50 years ago, when legislators recognized the advantages of operating the two major airports as a system instead of having the two airports competing with one another [slide 4]. Operating as a system the aviation fund has been completely self-sustaining through the rates and fees charged to the AIAS users. Therefore, general fund dollars are not requested or needed to operate the airports. However, this requires the DOT&PF must interact daily with its customer base and operate with an agile and market-competitive business enterprise - one that is "high-value." It must also demonstrate to the airlines that the AIAS operates by being good stewards of the rates users pay to use the system.

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MR. BINDER turned to slide 5, entitled, "Annual Revenues and Operations, Maintenance and Debt Costs - Funded from Customer Charges." In fiscal year 2013 (FY 2013), AIAS received approximately \$114 million in annual operating revenues, including interest income and passenger facility charges (PFC) collected. The AIAS has approximately \$1.5 billion in assets and obtains an average of approximately \$50 million per year in federal capital contributions through the Airport Improvement Program (AIP) funds. Rate and fee charges assessed to customers are developed and administered by the passenger terminal lease and operating agreements - the contracts between AIAS and individual members of the majority of its airline customers. The customers, mainly air carriers, recognize, understand, and endorse these legally binding agreements. These agreements allow the DOT&PF to address rising costs or lower activity -

fewer take-offs and landings - in a slowing economy by imposing adjustments to the rates and fees charged.

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MR. BINDER turned to a chart that depicts monthly revenues, entitled, "Airfield Revenue Activity" by certified maximum gross take-off weight over the past four fiscal years [slide 6]. He pointed out the red line depicts FY 2014 to date. He noted the steady decrease in revenue, driven primarily by the global economy, airline fleet mix changes, and competitor airports. He related that FY 2013 overall experienced a 5 percent decrease in revenue from the prior year, and FY 2014 is down 1 percent compared to last year for the same time period.

[2:10:42 PM](#)

MR. BINDER referred to an increase in passenger activity during October and November 2013, which has helped to mitigate some of the continuing drop in cargo [slide 7]. This chart depicts number of passenger enplanements or the number of people who boarded aircraft in the past four fiscal years. In contrast to the cargo trend, passenger traffic at the AIAS has continued to climb. The department continues to work with visitor bureaus and economic development corporations in Alaska to help guide the long-term planning in order to capitalize on this market opportunity.

[2:10:54 PM](#)

MR. BINDER turned to slide 8, entitled "Operating Agreement with Air Carriers." He characterized the new operating agreement as a significant achievement with thirty airlines having signed the agreement to date. Not only has this validated the existing agreement structure but the new agreement contains several new provisions, including increasing the terms from five to ten years. It also enhances collaboration between the airport and the airlines on issues such as capital projects, debt service handling, and shared maintenance responsibilities, while it retains the airline supported financial protection for payment of system costs, as well as preferential assignment of gates and

parking based on airport usage. The airlines' primary interface with the AIAS is achieved through the Airline Airports Affairs committee, which conducts regular teleconferences and quarterly face-to-face conferences to address any air carrier concerns.

[2:12:30 PM](#)

MR. BINDER turned to slide 9, entitled "Strategic Planning & Marketing" and said that strategic planning is vital in maintaining economic viability in the global marketplace. The AIAS continues to conduct internal and external assessments in order to identify any areas that need refinement or improvement to stay competitive. This year's strategic agenda includes improving external communications, employing development and integration of technologies into operations, and finalizing business and marketing plans to help guide strategic engagements in the passenger and the cargo marketplace worldwide. Communication with state agencies and economic development corporation continues to be critical as the state promotes the international airports, particularly with Asian carriers who account for more than 90 percent of all cargo that passes through Anchorage and Fairbanks.

[2:13:22 PM](#)

MR. BINDER said that as Commissioner Kemp alluded to, master plans are not only required by Federal Aviation Administration (FAA) regulations, but they make good sense [slide 10]. The planning process includes comprehensive public engagement, assessing numerous future growth scenarios, selecting preferred options, and soliciting public comment. Both the Anchorage and Fairbanks master plans are scheduled to be completed this summer. The phased-approach plans have experienced great success thus far and have gained overall community. He pointed out that the links on the slide provide additional information, [as follows:

<http://dot.alaska.gov/aias/news>;
<http://pdcprojects.info/FAIMasterPlan>;
<http://www.ancmasterplan.com>].

[2:14:08 PM](#)

MR. BINDER turned to slide 12 entitled "Rural System Scope and Scale." He explained that the rural system contains all state-owned airports minus the Anchorage and Fairbanks international airports and makes up the largest aviation system in North America.

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SENATOR FAIRCLOUGH, referring back to slide 5, related to terminal rents and concessions percentages and dollar amounts, asked for a comparison for the past five years on whether lease rates have increased or decreased in the past five years. She further asked if any trending on the airport revenues generated. Additionally, she asked to speak to the DOT&PF off-line about leasing and the non-competition clause at Anchorage International Airport.

MR. BINDER offered to provide the information.

[2:15:32 PM](#)

MR. BINDER said that rural contractors, DOT&PF, and municipalities perform a tremendous job by keeping this critical lifeline open to communities throughout the year. As previously mentioned, airports provide the only practical access for 82 percent of Alaska's communities that lie off the state's main road system.

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MR. BINDER pointed out that Alaska depends significantly on the FAA's Airport Improvement Program (AIP) for the majority of its capital project funding for the rural system. Although funding has declined in the past few years, the current federal FY 14 Omnibus bill as signed includes full AIP funding, which had been cut last year by sequestration. He noted the primary projects listed are expected to receive capital funding over the next two years [slide 13]. Additionally, the DOT&PF has developed an Alaska airport needs directory that includes all state-owned

airports. The directory provides insight into construction history, revenues, operating costs, and existing infrastructure, as well as well as other details. He encouraged members to review the document and provide the DOT&PF with any recommendations. He commented that he has already passed out some copies to legislators. The needs directory document is located electronically [at <http://dot.alaska.gov/airport-portal-newsres.shtml>.]

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REPRESENTATIVE FEIGE, referring to slide 13, asked for clarification on rural access.

MR. BINDER responded that the rural access encompasses items, such as modifying or lengthening the runway to accommodate more aircraft or obstruction clearing to enable instrument approach capabilities. Most of the projects listed are for runway extensions, taxiway rehabilitation, and several airport reconstructions, he said.

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SENATOR BISHOP asked whether the 20-to-1 glide slope falls under the rural access from federal directive.

MR. BINDER, after consulting with [staff] answered yes, it does.

[2:17:59 PM](#)

REPRESENTATIVE FEIGE asked for further clarification on 20-to-1 glide slope. He related his understanding that it referred to the obstruction clearance plane that starts from the center of runway and increases by one foot slope every twenty feet out.

MR. BINDER answered that is correct. Of several slopes that affect airports, this specific 20-to-1 issue addresses the visible glide path from the missed approach point for non-precision approaches beginning 200 feet from the end of the runway and starts up.

[2:19:01 PM](#)

MR. BINDER turned to slide 14, entitled "Alaska Aviation System Plan (AASP)," which refers to a five-year AIP funding plan to assist airport owners to develop a system-wide 20-year vision and an associated implementation plan. This includes processes and products needed to maximize service and efficiency while minimizing cost. Many of the highlighted items on slide were a result from the last contract ended early in 2013. The continuing system plan contract began this fall. The tasks authorized during the next 12 months include the public involvement plan, the airport Capital Improvement and Maintenance Program, as well as associated workgroups and research. These workgroups address issues such as the 20-to-1 glide slope, obstructions and obstacles, and airspace.

[2:20:12 PM](#)

CHAIR P. WILSON referred to one item on slide 14, listed as 2008 AASP Phase 1, Stage 1 Report. She asked whether other phases will follow or if it will all be done under Phase 1.

MR. BINDER answered yes; that phase 1 encompasses the next 12 months of the program and assesses what will happen during the next five years. Everything that follows could be considered as Phase 2, including DOT&PF's assessment of emerging issues.

[2:21:16 PM](#)

SENATOR FAIRCLOUGH referred to slide 14, to 2013 and the Alaska Bypass Mail: Preparing for Change item listed. She asked for any insight into this issue. She related her understanding that the federal government has taken on this issue but asked for DOT&PF's perspective.

MR. BINDER responded that the specific report was prepared early in 2013, when the bypass mail funding was a significant issue at the federal level. Bypass mail funding typically arises when the federal government considers budget cuts; however, Alaska is affected more than Lower 48 states by cuts since the program subsidizes Alaska's rural communities. In mid-summer this issue

was tabled at the federal level and DOT&PF has not heard further discussion since then. The DOT&PF provided a "talking paper" to brief Alaska's Congressional Delegation, which was first reviewed by the Parnell administration. The DOT&PF will continue to monitor and review the bypass mail issue since it will adversely impact rural Alaska communities and ultimately rural consumers.

[2:22:53 PM](#)

MR. BINDER turned to slide 15, entitled "Aviation Challenges" noting that the DOT&PF continues to feel increasing regulatory pressure from federal agencies. While local federal agencies have been receptive and helpful, he pointed out a "disconnect" has arisen stemming from changes in the federal decision-making process. Many decisions previously made by local federal staff are being made at higher levels in the federal government by decision-makers with less awareness and appreciation for the uniqueness of Alaska and the realities Alaska experiences. The DOT&PF continues to work on its relationships with federal agencies, ensuring that local federal staff is briefed on specific issues so they can articulate them to headquarters in the Lower 48.

MR. BINDER outlined challenges, such as decreasing AASP funding for infrastructure improvements, regulatory compliance, and weather challenges, especially since much depends on the ability to predict winter events. He highlighted the Environmental Protection Agency's (EPA) ban on the use of urea, which is a deicing agent used as by airports. The new deicing agent - [Cryotech] E36 - is a little more than twice as expensive as urea and thus far has not been as effective. Its effectiveness depends on the application so airport staff has been fine-tuning the application procedures. This year significant freeze-thaw cycles exist statewide, which impacts deicing.

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CHAIR EGAN asked whether the DOT&PF has ever received permission to use the Alaska Marine Highway System (AMHS) to transport deicing agents, which were a concern due to toxicity issues.

MR. BINDER was unsure, but offered to report back.

[2:25:04 PM](#)

REPRESENTATIVE FEIGE asked why urea was banned since it is commonly used as fertilizer in the Lower 48. Since it doesn't corrode aluminum it is a good substitute for salt on airport runways, he said.

MR. BINDER answered he was unsure of the details, but he understood the directive was an EPA ban. He offered to provide more details to the committee.

[2:25:46 PM](#)

REPRESENTATIVE ISAACSON commented that he appreciated meeting with Mr. Binder earlier to discuss concerns. He appreciated the DOT&PF's ongoing assistance with customs in the Northern Region to ensure the Fairbanks International Airport (FIA) can be kept open on weekends for non-scheduled international traffic.

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MR. BINDER pointed out the DOT&PF has had success working with federal agencies, for example, the Federal Aviation Administration (FAA) has backed off on the 20-to-1 issue and the Transportation Security Administration (TSA) has modified its screening process. He elaborated that in the past TSA placed significant pressure on rural airports, even though the DOT&PF has argued that the threat and risk at rural airports is minimal and not enough to warrant imposing some regulations. He highlighted that TSA has implemented a risk-based approach using Alaska as the test case in places such as Barrow and Adak.

CHAIR P. WILSON commented that passengers have appreciated the TSA changes since it speeds up the pre-check security process.

[2:28:19 PM](#)

REPRESENTATIVE LYNN thanked the department for the rural airport tour. He hoped other legislators would be able to visit the airports.

MR. BINDER named several rural airports the legislative group visited this past summer, including Chefornak, Tuntutuliak, and Kwigillingok - often called Kwig. He encouraged members to participate in future tours of rural Alaska since this offers them an opportunity to view first-hand the challenges at rural airports.

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REPRESENTATIVE JOHNSON related his understanding that when Alaska Airlines eliminates one plane by adding passengers to flights, it represents fewer fees to the airport since fees are based on landings and not the number of passengers. He asked whether DOT&PF has done any analysis on the impacts smaller planes will have on landings and the fee structure, including anticipated impacts the smaller Bombardier planes serving Fairbanks will have on landing fees. He recalled that the Alaska Airline changes would increase passengers by about nine per flight.

MR. BINDER responded that the proposed change would have minimal impact since landing fees are based on the gross weight of the aircraft. He elaborated that the weight-based cutoff is at 12,500 pounds and below, which exempts most of the small aircraft and private pilots. The landing rates are also lower for signatory carriers or those that have signed an operating agreement. Thus the rates are a little higher rate for those not signing the agreement, he said.

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REPRESENTATIVE JOHNSON asked for him to address specific fees.

MR. BINDER answered that he did not have figures for the Q400, but the fees for 737s fees are currently approximately \$386 per landing for signatory carriers and 25 percent more for non-signatory carriers. He anticipated the Q400 fees would be

comparable since it will be based on maximum weight and there won't be a significant change in aircraft weight.

REPRESENTATIVE JOHNSON, for comparison purposes, questioned whether the Q400 is about the same weight as the 737.

MR. BINDER answered that the Q400 [Bombardier] will be close in weight.

[2:34:04 PM](#)

SENATOR FAIRCLOUGH asked for the estimated growth opportunities at the airport versus the number of landings and take-offs. In other words, she asked how full the traffic pattern is and if any opportunities for increased revenue and growth exist.

MR. BINDER understood Senator Fairclough was specifically interested in the Anchorage international airport's capacity. He responded that the overall the AIAS has a large capacity. The airline flight schedule has several peak times per day when the system is "maxed out" such as the "red eye." The DOT&PF's master plan's phased approach will address the peak periods by diverting several cargo planes to Fairbanks or having an airline add several more flights to serve Fairbanks. This would help reduce peak load times since the system has plenty of capacity outside the peak loads. Currently, the peak times may add slight delays, but the system makes up that time very quickly. Again, the overall capacity allows plenty of room for growth without any changes to the system.

[2:36:54 PM](#)

JEFF OTTESEN, Director, Division of Program Development, Department of Transportation & Public Facilities (DOT&PF), offered to cover the Arctic ports last since the topic will be covered by the U.S. Corps of Engineers next week. He turned to slide 2 entitled "Statewide Long Range Transportation Plan [SLRTP]." He explained that the SLRTP is a federally required multi-modal document that encompasses all modes in Alaska. The plan requires a wide public-involvement that has been expanded to include a freight component. This plan provides an

opportunity to address any emerging issues the state faces - one that allows for debate to seek solutions.

MR. OTTESEN reviewed the federal funding rule changes, noting the FHWA has placed more emphasis on asset management, which translates to a focus on maintenance. He offered to discuss the level of funding necessary to repair bridges, pavement, and other items in the transportation system. Although FHWA funding has been slightly reduced, more importantly, the FHWA funding changed in terms of the emphasis on purposes the funds can be used for. The FHWA has emphasized "big" roads - ones carrying freight and the majority of the traffic - and has deemphasized roads that are not in the main system. Additionally, the FHWA has re-emphasized safety - having tripled the safety dollars to states - but it cut programs such as the Shakwak Funding Program, the Denali Commission program, and much of the funding to the Indian Reservation Road Program. Thus many of the programs that have been important to the state have been zeroed out. Finally, the DOT&PF will continue to review demographic changes Alaska faces, as indicated by slide 3 entitled "Statewide Long Range Transportation Plan (cont.)".

[2:40:16 PM](#)

CHAIR P. WILSON asked whether the Shakwak funding elimination is permanent. She related her understanding that this funding was practically considered a treaty with Canada. She related her conversation with the Pacific NorthWest Economic Region (PNWER) members earlier today, such that about one-third of the Yukon's transportation funding is derived from Shakwak funds.

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KIM RICE, Deputy Commissioner, Department of Transportation & Public Facilities (DOT&PF), suggested that the DOT&PF meets with the Yukon government fairly regularly. She understood the Yukon Territory has hired a lobbyist in Washington, D.C. to assist them in restoring Shakwak funding. Further, the DOT&PF has been supportive since most of the traffic on the Yukon highways is from Alaskans or U.S. citizens. She characterized the roadway as being the driveway to Alaska since it also connects to the

Dalton Highway. She recalled the funding was previously set at \$35 million per year and the Yukon has sufficient funds to carry out their programs for several years. She reiterated that the DOT&PF has been working with Canada and Alaska's Congressional Delegation has been supportive; however, it appears to be more of a foreign affairs issue rather than a transportation issue.

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MR. OTTESEN related that the University of Alaska Anchorage - Institute of Social Research's (ISER) research indicates that the state's population will increase about 28 percent over the next 20 years; however, the population growth is skewed to people over the age of 60, which is anticipated to triple. He related this has significant implications since people - ages 65 and older - tend to lose either their inclination or ability to drive, which means the state's transit needs will increase and the state will continue to become more urbanized. Alaska has often been mistakenly considered a rural state since most of its population lives in urban areas. The implication for urban routes will be challenges to keep up with capacity. He characterized the Statewide Long Range Transportation Plan (SLRTP) as being primarily a policy plan rather than one in which specific projects span aviation, marine highways, the railway, and highways. Since the plan's focus is more on policy issues it only portrays a list of projects that will span ten years based on the department's other planning documents.

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CHAIR P. WILSON asked whether less money will be spent on rural areas or if the "Roads to Resources (R2R)" funds will make up for some of shortfalls.

MR. OTTESEN answered that the FHWA federal program will generally have less money for urban and rural communities. The funds are designated for larger roads typically considered as being part of the National Highway System roads, such as the Dalton, Richardson, Glenn, Seward, and the Parks highways. In Southeast Alaska, the NHS roads are the Haines and Klondike Highways. Although Egan Drive will receive more FHWA funds,

funding for roads such as the Glacier Highway and Mendenhall Loop Road funding will be reduced. For example, based on the formula, Ketchikan will be entitled to only receive about \$1 million per year, which is considerably less than its historic FHWA spending. Therefore, the FHWA funding is insufficient to meet the communities' needs.

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MR. OTTESEN turned to slide 4 entitled, "SLRTP Steps and Timeline." The dark line on the slide indicates where the consultant is at in terms of the timeline. He reported that department will use several mechanisms to conduct public outreach and next month will hold the first of three transportation stakeholder group meetings - both live and webcast meetings.

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MR. OTTESEN shifted to slide 5 entitled, "Notable Resource Roads" and discussed the first of five active resource roads. First, the road to Tanana, which is essentially a community-to-community road connecting Tanana to the statewide road network - even though substantial gold mining occurs in the area. He described the new road as a simple 12-foot wide, gravel surfaced "pioneer road." He reviewed the status, that permits are "in hand" but the project will need some additional rights-of-way acquisition, and that some bridge work and clearing has been authorized, but the rest will go into construction in 2014, pending completion of any right-of-way agreements. He characterized it as a multiple use project - one that likely will reduce the cost of milk in Tanana from \$10-\$12 per gallon to \$5-\$6 per gallon.

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REPRESENTATIVE ISAACSON remarked that is excited about the road. He asked for clarification on any communications with Tanana since Manley Hot Springs also has a right-of-way and Doyon's [Limited] platforms has begun pushing towards Tanana. He asked

whether the department has been working to complete the triangular loop and for a status report.

MR. OTTESEN answered that he will need to speak to the Northern Region's director, Steve Titus, for more information. He recalled holding one telephone meeting with the mayor to discuss the bridge project, but related he did not discuss the triangular connection. He offered to obtain additional information for the committee.

[2:48:33 PM](#)

MR. OTTESEN continued. He stated that the map [on slide 7] shows the proposed route. He referred to this project as being an example of a successful rapidly-executed community and resource road project.

MR. OTTESEN turned to slide 8 entitled, "Ambler District Access." He described the Ambler Mining District as being one of the world's richest mining districts consisting of copper, zinc, lead, silver, and gold deposits. The DOT&PF has already performed field work and outreach with the villages, but ultimately decided this road would be best as a "resource owner financed" project since the state isn't likely to fund the hundreds of millions of dollars necessary for the project. This decision led to a public-private partnership (PPP) with significant advantages for the owner, including the ability to pay for the road during the life of the mine. Thus the project has been transferred from DOT&PF to Alaska Industrial Development and Export Authority (AIDEA). He said this will likely become the model in instances in which the resource owner needs to finance the road and the PPP represents the best approach for these types of projects.

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CHAIR EGAN asked whether village concerns have been addressed and if the route has been finalized.

MR. OTTESEN answered that he has not been directly involved in this effort since AIDEA is now leading the project. He pointed

out several alternatives have been discussed with the current route focus at the south flank of the Brooks Range [depicted in red on slide 9].

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MR. OTTESEN brought up the third resource project, referring to slide 10 entitled, "Foothills West Access." Sometimes referred to as the Umiat project, it is currently in a holding pattern while Linc Energy completes its winter drilling to better define the prospects. Linc Energy has indicated to DOT&PF that the company would like the pipeline and the road to be permitted under a single Environmental Impact Statement (EIS) if the drilling results are sufficiently positive, which would "take the state out of the picture" since DOT&PF is not involved in building pipelines for the private sector. He reported that Linc Energy would like to discuss this further with AIDEA if the road project moves forward, which also suggests that DOT&PF will likely "shed this project." Referring to the map on slide 11 entitled, "Foothills West Alternatives." He pointed out a series of alternatives under consideration, including one from Meltwater that tie into the road network serving Prudhoe Bay. He pointed out three proposed routes link up to the Dalton Highway by either heading due east or southeast.

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MR. OTTESEN next turned to slide 12 entitled, "Shelter Cove Road" which lies near Ketchikan. This project was funded by the legislature in 2008 and 2012 with bond packages approved by the voters and will entail constructing a 14-foot wide, single-lane gravel road. He described the project as a combination of new road, new alignment, and upgraded road on an existing alignment. Several ownerships exist for the land, including the Department of Natural Resources, the Mental Health Trust, and the U.S. Forest Service. Since a number of resource and recreational sites are on this route it is considered a multi-purpose road rather than a resource road. He gave the status of the project, noting a U.S. Corp of Engineers permit is expected in 2014 and construction is most likely to occur in 2015, although work could begin if the permit is issued sooner. He pointed out that

the route is difficult to see on the map [slide 13] but falls within the blue cloud-like area.

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MR. OTTESEN next reported on slide 14 entitled, "West Susitna Access Reconnaissance." He stated that several members of the legislature expressed interest in this particular route. The department- completed a draft report, which is due to be posted on the department's website later today. This report is quite lengthy, but he offered to distribute copies to members in a few days. He suggested that the project could benefit numerous users and will provide access to state land, which suggests the route would be more of a public road with multiple users. He stated that at this time the project is not funded and no further work is planned.

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CHAIR P. WILSON asked for a "ballpark figure" of the overall cost of the Shelter Cove Road.

MR. OTTESEN estimated the project will cost hundreds of millions of dollars, although it will depend on the specific alignment; however, no matter which route is selected the road must span a large crossing over the Susitna River, which he estimated to cost \$80 million. He said additional funds would be necessary if the road accessed coal fields to southwest.

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REPRESENTATIVE ISAACSON asked for clarification on any minerals and potential energy uses in the area. He further asked if the department is working on transmission plans and how the plans are being coordinated.

MR. OTTESEN responded that the department had performed additional work on the report to document the resources. He described the resources as being "many and plentiful" including oil, gas, coal, hydroelectric, wind, and geothermal. He indicated that 70 to 80 different resource owners have been

identified. He said the interest by resource owners ranges from very high to the fear that state projects might impact other projects that fall under National Environmental Policy Act of 1969 (NEPA). He concluded that lots of resources exist and the DNR has expressed interest due to access to resources, such as timber and potential lot sales to the public.

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REPRESENTATIVE FEIGE commended the DOT&PF on the cross-agency work with DNR to match up the plan, use, and potential payoff to the state, but the key will be the location for crossing the Susitna River. He suggested that the current site depicted is one of the few points on the Susitna River to cross to the west side. Since this lies west of the mouth of the Yenta River, it would eliminate the need to cross that drainage as well. He said he appreciated the efforts the department has made.

[2:59:32 PM](#)

SENATOR FAIRCLOUGH asked whether the department is required to prepare the Statewide Transportation Improvement Program (STIP) annually under federal requirements. In response to a question, she clarified she thought his earlier testimony indicated that the department conducted the plan annually.

MR. OTTESEN answered that the Statewide Long Range Transportation Plan (SLRTP) must be updated every five years whereas the STIP must be updated every two years with a four year horizon. Additionally, the STIP must be aligned and consistent with the SLRTP, but both plans are required by federal agencies.

[3:01:25 PM](#)

ADJOURNMENT

There being no further business before the committees, the joint meeting of the Senate and House Transportation Standing Committees was adjourned at 3:01 p.m.