

SENATE FINANCE COMMITTEE
February 11, 2013
9:02 a.m.

9:02:08 AM

CALL TO ORDER

Co-Chair Meyer called the Senate Finance Committee meeting to order at 9:02 a.m.

MEMBERS PRESENT

Senator Pete Kelly, Co-Chair
Senator Kevin Meyer, Co-Chair
Senator Anna Fairclough, Vice-Chair
Senator Click Bishop
Senator Mike Dunleavy
Senator Lyman Hoffman

MEMBERS ABSENT

Senator Donny Olson

ALSO PRESENT

Kevin Brooks, Deputy Commissioner, Department of Fish and Game; Charles Swanton, Director, Division of Sport Fish, Department of Fish and Game; Thomas Cherian, Director, Division of Administrative Services, Department of Environmental Conservation; Bill Griffith, Facility Programs Manager, Alaska Department of Environmental Conservation; McHugh Pierre, Deputy Commissioner, Department of Military and Veterans Affairs; Jolund Luther, Division Operations Manager, Budget Division, Department of Military and Veterans Affairs

PRESENT VIA TELECONFERENCE

Tom Brookover, Operations Manager, Division of Sport Fish, Department of Fish and Game

SUMMARY

SB 18 BUDGET: CAPITAL

SB 18 was HEARD and HELD in committee for further consideration.

DEPARTMENT OVERVIEWS:

Department of Fish and Game
Department of Environmental Conservation
Department of Military and Veterans Affairs

#sb18

SENATE BILL NO. 18

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

9:04:08 AM

^DEPARTMENT OVERVIEW: DEPARTMENT OF FISH AND GAME

9:04:40 AM

KEVIN BROOKS, DEPUTY COMMISSIONER, DEPARTMENT OF FISH AND GAME, (DFG) explained the capital projects for DFG. He stated that the DFG capital requests totaled \$16,630,000.

RN 57021

Chinook Salmon Research Initiative
\$10,000,000

Mr. Brooks explained that project will implement the Department of Fish and Game's Chinook salmon research plan, developed in response to significant declines in Chinook salmon returns experienced statewide. These declines in Chinook salmon production have resulted in economic and social hardships across many communities in rural and urban areas of Alaska. Results from this project will be used to better understand and characterize changing productivity and abundance trends. This will ultimately lead to improved Chinook salmon stock assessment programs so that Alaskans will have improved harvest opportunities, even during times of low productivity.

9:08:50 AM

RN 56969

Aerial Photocensus Capability to Monitor Wildlife
Population Size
\$750,000

Mr. Brooks explained that this project will purchase digital cameras and software to complete aerial photocensus work on caribou herds and other big game species. The Division of Wildlife Conservation (Division) requires photocensus capabilities to monitor the population size of large migrating species (Western Arctic Caribou Herd - population estimate of 300,000 to 500,000). This effort has a significant impact on hunting and subsistence users. The current film based system for completing the photocensus no longer has technical support, and film is no longer available. Furthermore, the software to complete the shoot is no longer viable.

RN 45358
Fish and Game Licensing Modernization
\$775,000

Mr. Brooks announced that needs to replace its current outdated licensing system. This project will develop an integrated, web-based licensing system for issuing, tracking and accounting for all types of hunting and fishing licenses, permits, tags and other types of endorsements issued by the Department. It will be designed to take advantage of modern technologies to improve customer service, improve the efficiency of the licensing process, and the accuracy and timeliness of data.

RN 30432
Sport Fish Recreational Boating Access
\$3,000,000

Mr. Brooks explained that this annual project authorizes the Division of Sport Fish to continue to construct and upgrade recreational power boating and sport fish access facilities statewide using Sport Fish Restoration apportionment funds comprised of 75 percent federal assistance and 25 percent non-federal match. Federal regulations require that 15 percent of the annual Sport Fish Restoration (Dingell-Johnson/Wallop-Breaux Amendment) apportionment will be dedicated to projects that benefit recreational power boaters. Projects include boat launches, mooring floats, parking lots, restrooms, fish cleaning facilities, and other services.

RN 42115
Statewide Sport Fishing Surveys
\$250,000

Mr. Brooks announced that this project will provide funding to conduct two surveys: (1) Statewide Stocked Waters Economic Survey and (2) Economic Impacts and Contributions of Sport Fishing in Alaska Survey for the Division of Sport Fish (Division). The first survey will be an update to a previously conducted survey that will be expanded to get a statewide perspective. The second survey will provide updated information on the economic impacts of sportfishing on a statewide, regional, and sub-regional level, which is not available from any other source at the level of detail needed by the Division of Sport Fish (Division) and other users of the information.

[9:13:39 AM](#)

RN 43322
Facilities, Vessels and Aircraft Maintenance, Repair and Upgrades
\$500,000

Mr. Brooks stated that this annual project funds repair, maintenance and renovation of DFG facilities statewide as well as vessel and aircraft repair and maintenance. Facilities funding is managed by the Division of Administrative Services (DAS), vessel funding by the Division of Commercial Fisheries and aircraft funding by the divisions of Commercial Fisheries and Wildlife Conservation.

RN 45482
Deferred Maintenance, Renewal, Repair and Equipment
\$1,355,000

Mr. Brooks stated that funding is needed to address deferred maintenance needs for statewide fish passages, counting and sampling sites, and weir facilities; statewide warehouse and workshop facilities; and statewide small field site and camp facilities.

RN 57188
Reappropriation to the Department of Fish and Game for Fish and Game Licensing Modernization

\$0

Mr. Brooks stated that DFG needs to replace its current outdated licensing system. This project will develop an integrated, web-based licensing system for issuing, tracking and accounting for all types of hunting and fishing licenses, permits, tags and other types of endorsements issued by the Department. It will be designed to take advantage of modern technologies to improve customer service, improve the efficiency of the licensing process, and the accuracy and timeliness of data.

[9:16:00 AM](#)

Co-Chair Kelly looked at the deferred maintenance request and wondered if it allowed DFG to decrease the backlog. Mr. Brooks replied that the request was for the most urgent deferred maintenance projects.

Co-Chair Kelly remarked that the maintenance backlog in the state was large. He wondered if he could have the research conducted by the individual DGF agencies. Mr. Brooks agreed to provide that information.

Co-Chair Kelly wondered if the research included information about by-catch and the size of the nets. Mr. Brooks replied that those aspects would be included in research that he will provide at a later date.

Senator Dunleavy wondered if the research looked at potential pike, beaver dams, and water quality within the actual streams that the fish spawn. Mr. Brooks deferred the question to Mr. Swanton.

[9:20:18 AM](#)

CHARLES SWANTON, DIRECTOR, DIVISION OF SPORT FISH, DEPARTMENT OF FISH and GAME, replied that there were elements of the research that related to pike predation in freshwater. The University was working on examining changes in water flow temperature.

Senator Dunleavy wondered if the research plan covered all of the affected watersheds. Mr. Swanton replied there were over 220 Chinook salmon stocks across the state. Stocks were chosen regionally, twelve at a time, and represent various life history approaches; migration pathways; and

prominence within Chinook salmon production across the state. From those drainages, entrances could be made to other drainage systems.

[9:23:05 AM](#)

Senator Hoffman felt that some of the capital project dollars should focus on getting more Chinook salmon in the streams. He shared that he recently visited a local hatchery that had an operation that produced \$15 million of food stock back into the streams. He remarked that the small community was able to produce \$5 million worth of Chinook salmon. He pointed out the impressive nature of a small community working toward reviving the salmon stock. He stressed that the hatcher technology was proven effective, so he wondered why the State was not proactive like the example of the small community success story. Mr. Brooks replied that enhancement efforts was a focus of DFG, and furthered that there was a plan to address the declining fish stocks. He pointed out that there were complex issues related to mix stocks and release sites. He agreed that hatchery enhancement efforts should be part of the solution. He agreed that alternative release sites should be examined. He felt that the solution involved partners, contributors, and contracts.

TOM BROOKOVER, OPERATIONS MANAGER, DIVISION OF SPORT FISH, DEPARTMENT OF FISH AND GAME (via teleconference), replied that there was an effort to develop a research plan, and look at management and short-term enhancement actions. He stated that DFG was working with non-profit hatchery organizations to look at hatchery considerations that could be considered in the near term.

[9:31:32 AM](#)

Senator Hoffman reiterated that it would not be very expensive to incorporate \$5 million worth of brood stock into the system.

Co-Chair Kelly wondered if the hatchery in Fairbanks produced king salmon. Mr. Swanton replied that the hatchery produced king salmon for catchable releases.

Co-Chair Kelly asked if the king salmon stock in the Yukon would be a good facility to produce more king salmon. Mr. Swanton replied that the Yukon and Anchorage facilities

were currently at capacity. He pointed out that configuration and operating costs were needed for additional space, as well as an appropriate project that would not exacerbate the wild stocks.

Co-Chair Kelly wondered if DFG could provide more information related to additional space for hatcheries in FY 14. Mr. Swanton agreed to provide that information.

[9:36:11 AM](#)

Senator Dunleavy asked if the hatchery stock and wild stock would still be separated, if the wild stock became extinct. Mr. Swanton responded that there were some supplementation approaches. Fertilized eggs would be reared in a hatchery environment to maximize survival, and then release the fry-end into the wild environment.

Vice-Chair Fairclough looked at RN 43322, and queried the average of the vessels and aircrafts. She remarked that this deferred maintenance request was the lowest since 2007. Mr. Brooks agreed to provide that information.

Vice-Chair Fairclough felt that there should be an examination of the prior years' requests for this item.

Senator Bishop stressed that there needed to be a conclusion to the study that resulted in putting more king salmon in the river systems across the state. Mr. Brooks agreed.

Senator Bishop expressed concern regarding the change in the licensing system. He asked for a list of sites for the boat launch upgrades.

[9:42:05 AM](#)

AT EASE

[9:45:52 AM](#)

RECONVENED

^DEPARTMENT OVERVIEW: DEPARTMENT OF ENVIRONMENTAL CONSERVATION

[9:46:29 AM](#)

THOMAS CHERIAN, DIRECTOR, DIVISION OF ADMINISTRATIVE SERVICES, DEPARTMENT OF ENVIRONMENTAL CONSERVATION, (DEC) introduced himself and staff. He stated that the total FY 14 for DEC \$96,905,837. Of that, \$42,250,000 was from federal funding; \$3.8 million from other funding sources; \$15.7 million from the general fund.

RN 41376

Village Safe Water and Wastewater Infrastructure Projects
\$51,500,000

Mr. Cherian explained that this project provides financial and technical assistance to rural communities to plan, design, and construct water and sewer system improvements. 60 percent of the funding will provide first-time service to communities while 40 percent will be used for expansion, upgrade, and replacement of existing service.

RN 49749

Expansion, Upgrade, and Replacement of Existing Service
\$20,600,000

Mr. Cherian stated that this project provides grant funding for expansion, upgrade, and replacement of existing service to communities to plan, design and construct drinking water and sanitation facilities.

RN 49748

First Time Service Projects
\$30,900,000

Mr. Cherian explained that this project provides funding for first time service grants to communities to plan, design, and construct drinking water and sanitation facilities.

RN 49697

Drinking Water Capitalization Grant - Subsidy Funding
\$2,692,800

Mr. Cherian stated that the federal Drinking Water Capitalization Grant requires states to issue 30 percent of the funding as subsidies (a loan forgiveness process). This program functioned strictly as a loan program until FY2011 when this provision was added to the federal budget. In order to implement this provision, an appropriation is

necessary to properly record the loan forgiveness payment as an expense in the Alaska Drinking Water Fund.

RN 49698

Clean Water Capitalization Grant - Subsidy Funding
\$704,000

Mr. Cherian explained that the federal Clean Water Capitalization Grant requires states to issue subsidies (a loan forgiveness process). The subsidy amount required was identified under the grant terms the Environmental Protection Agency has identified for Alaska. This program functioned strictly as a loan program until FY 11 when this provision was added to the federal budget. In order to implement this provision, an appropriation is necessary to properly record the loan forgiveness payment as an expense in the Alaska Clean Water Fund.

RN 46714

Municipal Water, Sewage, and Solid Waste Facilities Grants
\$34,009,037

Mr. Cherian explained that this project provides funding for grants to communities to plan, design, and construct drinking water and sanitation facilities and the associated operating costs of the Facility Construction component within the Division of Water.

RN 33826

Statewide Contaminated Sites Cleanup
\$3,000,000

Mr. Cherian stated that this project funds assessment, cleanup, and monitoring activities at high-risk contaminated sites, state-owned sites, and sites where the responsible party is unknown or has refused to take appropriate action, also known as state-lead. Work includes site assessment, cleanup, and monitoring to protect public health and the environment from discharges of oil and hazardous substances. This eliminates exposure pathways and restores contaminated sites for reuse.

[9:51:15 AM](#)

BILL GRIFFITH, FACILITY PROGRAMS MANAGER, ALASKA DEPARTMENT OF ENVIRONMENTAL CONSERVATION, introduced himself.

RN 54473

Village Safe Water Service and Infrastructure Protection
Projects and New Technology Approaches
\$5,000,000

Mr. Griffith explained that in response to the steep decline in funding for rural Alaska sanitation projects and the steady increase in construction costs, the Department requests \$5 million to research and develop (R&D) innovative sanitation technologies and to initiate several longevity-enhancement projects. These initiatives will stretch limited rural sanitation funds and will assist the Department in protecting public health.

RN 56730

Reappropriation for Water Quality Enhancement, Water
Supply, Sewage, and Solid Waste Facilities Grants to
Municipalities
\$0

Mr. Cherian explained that this project would reappropriate the remaining Engineering Management and Travel (EMT) funds from closed Municipal Matching Grant (MMG) projects to active projects where EMT was not included or was not sufficient. For MMG projects appropriated before FY 07, funding for EMT was not included with each project. Instead, a separate appropriation was established to fund this work. Beginning in FY 07, EMT costs were included with each project so that it was clear how much each project will cost in total. These EMT funds are leftover from projects that have been completed. Reappropriated funds will be used to close out projects that lack sufficient EMT funding to be completed.

Co-Chair Meyer wondered how many "honey buckets" were in Alaska. Mr. Griffith stated that there were roughly 6,000 homes that lacked running water and sewer capabilities.

Co-Chair Meyer wondered where most of the "honey buckets" were located. Mr. Griffith replied that the majority of them were located in the Yukon Kuska Quinn Delta and the Interior.

Co-Chair Meyer wondered if the federal relief money for the Japanese tsunami disaster would be enough to clean up the debris. Mr. Cherian replied that there was an expectation of \$1 million from the federal government, but that money

had not been received. He agreed to provide further information.

Co-Chair Meyer expressed that the Japanese tsunami debris clean up issue was important, and he would like to examine that issue further.

Senator Bishop looked a RN 54473, and felt DEC would look in state for the technology. Mr. Griffith replied that DEC would require the involvement and participation of in state firms.

[9:55:31 AM](#)

Senator Dunleavy wondered if the sanitation systems were designed to be maintainable at an affordable costs by the individual villages. Mr. Griffith replied that every system was operated and maintained by local residents. There was no DEC financial assistance; but DEC provided technical assistance and training. He stressed that the cost of operating the systems had increased, so DEC did not undertake a project to construct a facility unless they it was feasible and sustainable for that community.

Senator Dunleavy asked if there was a system that had stopped functioning due to a lack of funds or technical assistance. Mr. Griffith responded that every system that has been constructed was continuing to operate. He added that there were occasions where the systems temporarily ceased working because of emergencies.

Vice-chair Fairclough wondered who was receiving the loan forgiveness, and how that was affecting the federal dollars that the State received. Mr. Griffith replied that until 2010, no expenditure appropriation from the legislature was necessary for the funds. When loans were issued, 100 percent of the loan was repaid. Beginning in 2010, federal appropriations law required that the state subsidize a certain percentage of loans to communities by forgiving portion of the principle.

Vice-chair Fairclough surmised that the federal government decided that there would be an additional match based on a subsidy, or repayment required. Mr. Griffith responded that the funds that were received from the Environmental Protection Agency (EPA) were used to help to replenish the fund. Most of the money that was provided for loans was

based on repayments and interest on loan funds. The annual capitalization from EPA was provided as a subsidy.

^DEPARTMENT OVERVIEW: DEPARTMENT OF MILITARY AND VETERANS AFFAIRS

[10:00:47 AM](#)

MCHUGH PIERRE, DEPUTY COMMISSIONER, DEPARTMENT OF MILITARY AND VETERANS AFFAIRS, (DMVA) introduced himself.

JOLUND LUTHER, DIVISION OPERATIONS MANAGER, BUDGET DIVISION, DEPARTMENT OF MILITARY AND VETERANS AFFAIRS, discussed the DMVA capital budget items.

RN 47882
Interior Alaska Veterans Cemetery
\$2,500,000

Mr. Luther explained that this project continues the acquisition of land for a veteran's cemetery in Interior Alaska.

RN 42900
Army Guard Facilities Projects
\$6,730,000

Mr. Luther stated that the request for an Army Guard facility projects in Bethel, Delta Junction, Dillingham, Fairbanks, Fort Greely, Wasilla and on Joint Base Elmendorf Richardson will support soldiers of the Alaska National Guard, meet contractual requirements, and protect military assets.

RN 42898
National Guard Counterdrug Support
\$100,000

Mr. Luther explained that this program participates in the U.S. Department of Justice Asset Forfeiture Program. This federal program's primary purpose is to deter crime by depriving criminals of profits and proceeds from their illegal activities.

RN 42907
State Homeland Security Grant Programs
\$9,500,000

Mr. Luther stated that the State of Alaska receives State Homeland Security grants from the U.S. Department of Homeland Security. These grants provide programs across the state for homeland security planning, equipment, and emergency training exercises. These funds address issues of life, safety, and protection of infrastructure, and are necessary for effective citizen preparedness, local first response, and statewide emergency preparedness.

RN 57102

Alaska Aerospace Corporation Maintenance
\$900,000

Mr. Luther explained that mission critical maintenance projects are needed at the Kodiak Launch Complex (KLC). These projects address issues of life safety, systems recertification, equipment repairs, and corrosion control.

RN 57114

Alaska Aerospace Corporation Kodiak Launch Complex
Modernization
\$165,400

Mr. Luther stated that a weather balloon station is needed that will adequately fit larger balloons and meet storage requirements. The project will increase AAC's ability to capture mission critical meteorological data and reduce the risk of equipment damage and mission failure.

RN 49583

Deferred Maintenance, Renewal, Repair and Equipment
\$11,012,500

Mr. Luther explained that DMVA has deferred maintenance, renewal, and repair needs in facilities across Alaska. Projects focus on building repair and renovation with an emphasis on fire, safety, and protection of structures.

Vice-Chair Fairclough wondered if sequestration had affected DMVA. Mr. Pierre responded that sequestration had affected DMVA, however he did not know what level.

[10:07:00 AM](#)

Senator Bishop requested information regarding the cemetery in Fairbanks. Mr. Pierre replied that there was land that

was currently being considered for a veteran cemetery. That land was the only area that qualified under the VA State Cemetery Program. He stressed that that VA did not build national cemeteries, rather they build state cemeteries where the state puts up the land for the VA to build a cemetery. He stated that land would probably need to be purchased for the Fairbanks veteran's cemetery, which would cost around \$2.5 million.

Senator Dunleavy wondered if there was a practice of partnering with other cemetery initiatives. Mr. Pierre responded that local cemetery operators would be utilized for the operations of the cemetery. The VA rules and regulations for veterans cemeteries clearly stated that existing space could not be partnered with civilians.

Senator Hoffman wondered how the demolishing of the Bethel armory would be addressed. Mr. Pierre responded that there was a requirement to build armories in the federally recognized drilling locations.

Senator Hoffman queried the life expectancy of the new Bethel armory. Mr. Pierre replied that there was a significant life expectancy on the new armory, and felt that it was probably thirty years.

SB 18 was HEARD and HELD in committee for further consideration.

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ADJOURNMENT

10:12:34 AM

The meeting was adjourned at 10:12 a.m.