

SENATE FINANCE COMMITTEE
February 12, 2013
9:02 a.m.

[9:02:57 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 Olson

ALSO PRESENT

Brynn Keith, Acting Deputy Commissioner, Department of Labor and Workforce Development; Paloma Harbour, Acting Administrative Services Division Director, Department of Labor and Workforce Development; Pat Kemp, Commissioner, Department of Transportation and Public Facilities; Jeff Ottesen, Director, Division of Program Development, Department of Transportation and Public Facilities; Mike Coffey, Chief of Statewide Maintenance and Operations, Department of Transportation and Public Facilities; Roger Maggard, Transportation Planner, Statewide Aviation, Department of Transportation and Public Facilities; Mike Vigue, Division of Program Development, Department of Transportation and Public Facilities;

SUMMARY

SB 18 BUDGET CAPITAL

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

DEPARTMENT OVERVIEWS:

Department of Labor and Workforce Development
Department of Transportation and Public
Facilities

#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."

9:03:06 AM

^DEPARTMENT OVERVIEW: DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT

BRYNN KEITH, ACTING DEPUTY COMMISSIONER, DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT (DLWD), introduced herself for the record and discussed DLWD's four capital projects, which totaled just over \$9.1 million.

PALOMA HARBOUR, ACTING ADMINISTRATIVE SERVICES DIVISION DIRECTOR, DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT, introduced herself for the record and began to speak to the department's capital requests.

RN 48826

Heavy Equipment Shop/Diesel Shop/Pipe Welding Relocation-
Phase 1 of 3
\$6,000,000

Brief Summary and Statement of Need:

This request will fund the first of three phases for the Alaska Vocational Technical Center's (AVTEC) Heavy Equipment Shop/Diesel Shop/Pipe Welding Relocation project. This project is necessary to replace an existing facility with known life, safety, code and ADA deficiencies. Phase one will include site preparation and utilities hook-up, construction of an 8,000 square foot Diesel shop, and relocation of the Pipe Welding program from the current deficient facility to the vacated Diesel space. This will co-locate the Pipe Welding program with the Structural Welding program; allowing both programs to use the same grinding room and providing sufficient pipe storage space for the Pipe Welding program.

Ms. Harbour related that all three phases of the project totaled \$15 million.

RN 56561

AVTEC Maritime Simulator Ice Navigation Upgrade - Phase 1
of 3
\$375,000

Brief Summary and Statement of Need:

This project will fund phase one of three to upgrade the Alaska Vocational Technical Center (AVTEC) maritime simulator. These upgrades are necessary to provide ice navigation and arctic operations training to mariners. AVTEC's Maritime Training Center is uniquely poised to offer training operations in a safe environment to prepare mariners who will be operating vessels at or above the Arctic Circle through rapidly changing ice conditions. Currently, mariners must travel to Europe to learn ice navigation.

Ms. Harbour stated that all three phases of the project totaled \$1,050,000 and that the upgrades would bring the simulator's bridge controls to the latest standards. Phase 1 would fund the largest of AVTEC's three full-mission bridge simulators.

RN 56893

Mobile Mine Machine Simulator
\$1,800,000

Brief Summary and Statement of Need:

The Department of Labor and Workforce Development will enter into an agreement with the University of Alaska allowing them to purchase a mobile mine machine simulator and appropriate machine inserts. The University's Mining and Petroleum Training Service program will use the simulator to provide mechanized mining job training to prospective Alaskan miners in rural and other regions of the state. It is anticipated the demand for employees will increase significantly in 2014 and 2015, and beyond, due to new mines scheduled to become operational including Bokan Mountain and Niblack in Ketchikan, Tower Hill in the Interior and Donlin Gold in western Alaska among others yet in development.

[9:08:04 AM](#)

RN 48821

Deferred Maintenance, Renewal, Repair and Equipment - AVTEC
\$968,000

Ms. Harbour stated that the funding would allow AVTEC to continue to make progress on its deferred maintenance backlog. She pointed out that AVTEC had 16 state-owned facilities, which were all rather old. She concluded that although AVTEC had been able to make progress on its backlog through the governor's initiative, there was still more work to be done.

Co-Chair Kelly noted that he was experienced at dealing with deferred maintenance with the University of Alaska and that deferred maintenance was very important issue to the state. He mentioned AVTEC's deferred maintenance and inquired if there were other facilities within DLWD that had a backlog that needed to be dealt with. He requested a total figure of the deferred maintenance in DLWD facilities. Ms. Harbor responded that AVTEC was the division within DLWD that had state-owned facilities, but that the total deferred maintenance backlog was approximately \$15 million.

Co-Chair Kelly inquired if DLWD's other buildings were owned by the administration. Ms. Harbor responded that the department leased the majority of its buildings. Co-Chair Kelly inquired if the leasing was done through the administration. Ms. Harbour responded in the affirmative.

Co-Chair Meyer pointed out that he did not like phased projects and noted that there were two on the DLWD's list. He discussed the two phased projects in the department's budget; he inquired if it made sense to ask for the full funding now and why the projects were being phased. Ms. Harbor replied that the reason the department had phased the heavy equipment shop project was because it required a facility to be constructed before programs could be moved in. She stated that the smaller project, which was AVTEC's maritime simulator upgrade, was phased because it could be phased; there were three full-mission bridges at AVTEC that could be upgraded one at a time.

Co-Chair Meyer inquired what would happen to AVTEC's phased projects if there was no capital budget the next year. Ms. Harbor responded that if that were the case, AVTEC could

run one of its three simulators; however, it would not be ideal because one of the benefits of having three bridges was that they were able to interact with each other.

Vice-Chair Fairclough spoke to the first project and stated that she had toured the AVTEC facilities. She pointed out that an engineer had indicated that there was a problem with the roof and inquired if the problem was with the structural framework. Ms. Harbor responded that the structure of the roof was the problem. She explained that the roof leaked and that because of a lack of insulation, it shed its ice and posed a hazard. She relayed that the frame was not sufficient hold an improved roof and that as a result, the insulation could not be improved.

9:13:00 AM

Vice-Chair Fairclough queried how old the existing AVTEC building was. Ms. Harbour replied that she did not have that information with her. Vice-Chair Fairclough noted that Senator Bishop had stated that it was built in 1969, but requested confirmation of the structure's age.

Senator Bishop pointed to the request for AVTEC's maritime ice navigation simulator and inquired if the SHELL Oil Company and others had been continuing a dialogue with AVTEC on training. Ms. Harbour responded in the affirmative and related that it was still an area of interest for training. She concluded that given the level of anticipated growth in the Arctic, it was important for the pilots to know how to navigate in ice conditions.

Co-Chair Meyer inquired if the Coast Guard was involved in the ice navigation simulator process. Ms. Harbour replied in the affirmative and relayed that AVTEC currently trained Coast Guard staff.

Co-Chair Meyer queried if the Coast Guard was financially contributing to the simulator process. Ms. Harbour believed that the Coast Guard contributions were on the operating side; the Coast Guard supported the training programs and paid for students' tuition fees.

Co-Chair Meyer inquired why the mobile mine simulator was being purchased for the University of Alaska. Ms. Harbour replied that DLWD saw the simulator as a partnership opportunity in a high growth area and that it was

partnering with the University of Alaska to meet a demand. Co-Chair Meyer further inquired if the university wanted the mine simulator. Ms. Harbour responded that the Mining and Petroleum Training Program wanted it.

Senator Bishop discussed an initiative that created "centers of excellence" to cut out duplication requests that came into state government. The centers had worked closely with the University of Alaska so that it would be the expert in mine training. He recalled that he had directed people to the University for mine training in order to eliminate duplicative funding. He inquired if the simulator request would finish out the underground mobile mine training simulator "package" for maps. Ms. Harbour replied that the request was for surface mine training simulations.

Senator Hoffman queried if the University of Alaska had the funds to operate all nine of the mining simulators. He expressed concern regarding a lack of funding to operate the simulators. Ms. Harbor stated that the university believed it had the existing funds, faculty, and resources, but that ideally, it would like an additional instructor to support the simulation program.

[9:18:22 AM](#)

Vice-Chair Fairclough believed that there was a cut to the University of Alaska's mining program and indicated she would look into the matter further. She addressed the mine simulator request for \$1.8 million and inquired when the last time there was a software upgrade to the system. Ms. Harbour responded that the request did not represent an existing system with a software upgrade, but that the maritime simulator had not seen a software upgrade since it was purchased in 2000.

Vice-Chair Fairclough wondered how many students over the lifecycle of the software had benefited from the program. She related that she was attempting to do a cost-benefit analysis for the investment. She inquired how long the \$1.8 million would last and how many students it would serve. Ms. Harbour responded that she had some additional information that provided a useful lifespan, but that she was unable to find it. She furthered that the mobile mine simulator was expected to train 400 individuals a year without additional instructors, but that if additional

instructors were added, the number could increase to 1200 per year. She offered that she could get the useful life and how many total individuals the mine simulator would serve, but that she could not find the information at the moment.

Vice-Chair Fairclough requested the useful life and how many total individuals would be trained to be provided for the marine simulator ice navigator and the mine machine simulator. She appreciated that the mine simulator could move throughout the state and understood why the ice navigation simulator was not mobile; however, she wanted to understand the cost-benefit of the programs.

Co-Chair Meyer requested that the information that Vice-Chair Fairclough asked for be routed to his office and indicated that he would distribute the materials to the committee members. Ms. Harbour interjected that she had found some of the requested information and that with proper maintenance and service, the expected useful life of the mobile mine simulator was 10 to 15 years.

Senator Bishop encouraged continued participation between DLWD, the University of Alaska, and the mining industry to continue to increase Alaskan hires in the mines.

Vice-Chair Fairclough stated that she was in charge of the University of Alaska's budget and expressed concern that it contained an operational decrement that lost an instructor.

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AT EASE

[9:25:52 AM](#)

RECONVENED

^DEPARTMENT OVERVIEW: DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

PAT KEMP, COMMISSIONER, DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES, introduced himself and staff for the record. He stated that the Department of Transportation and Public Facilities' (DOT) budget was about \$200 million less in general funds than it was the prior year. He related that regarding federal aid, the budget reflected the effects of the highway bill "MAP-21" and the new aviation bill that passed. He shared that there were some changes to

the makeup of the "bill" and that there would be a transition from the local community projects and the Alaska Highway System to the national highway system. He noted that under MAP-21, 58 percent of Alaska's federal aid would be diverted to 18 percent of the state's highway use.

Vice-Chair Fairclough noted that there were a substantial amount of requests in the DOT's budget and requested that the page numbers be used instead of reference numbers when a specific project was referenced. She additionally requested that the presenters pause if they were moving multiple pages ahead.

JEFF OTTESEN, DIRECTOR, DIVISION OF PROGRAM DEVELOPMENT, DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES, introduced himself and discussed the structure that the presentation would follow.

MIKE COFFEY, CHIEF OF STATEWIDE MAINTENANCE AND OPERATIONS, DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES, discussed the department's requests and related that the first group of projects fell under the safety heading.

RN 54164
Safety
\$5,500,000

[9:29:25 AM](#)

RN 52034
Alaska Aviation Safety Program
\$1,500,000

Mr. Coffey related that this program was a partnership with the Medallion Foundation and that the funding would provide for a 3D mapping simulation of the Iditarod flying route; it was a multi-year project to increase pilot safety around the state.

Vice-Chair Fairclough clarified that the \$5.5 million was on page 1 and inquired if that was accurate. Mr. Coffey responded in the affirmative. Vice-Chair Fairclough inquired if the \$5.5 million was a "rollup" of the safety projects instead of an addition. Mr. Coffee replied in the affirmative.

RN 45197

Measurement Standards and Commercial Vehicle Enforcement
Equipment Replacement
\$400,000

Mr. Coffey discussed the funding and related that it provided for an 800 gallon volumetric prover, which was vital equipment for measuring and certifying pumps on docks, fuel delivery trucks, etc. He shared that the current prover in South-Central Alaska was inoperable and that bringing another online would increase efficiency. Part of the project would also provide for a forklift and HVAC system for the metrology lab.

RN 41394
Statewide Anti-Icing Program
\$600,000

Mr. Coffey stated that the anti-icing project was very important and that DOT had been implementing a proactive way of maintaining the state's highways. DOT had already implemented the anti-icing program in several cities and the funding would allow DOT to expand the project to Kodiak and the Mat-Su Valley. He explained that the project involved proactively putting chemicals on the road to prevent the ice and snow from bonding to the highway; nationally, it was a major way to reduce accidents and save lives.

RN 42072
Statewide Rural Airport Safety Improvements
\$3,000,000

Mr. Coffey related that this project provided benefits to several rural airports and allowed DOT to perform gravel resurfacing, pavement repairs, electrical repairs, and provide windsocks. He added that the project would fund smaller projects at numerous airports in Rural Alaska.

[9:33:25 AM](#)

RN 54165
Asset Management
\$43,000,000

Mr. Coffey stated that the asset management projects allowed the department to extend the life of a facility. He pointed out that doing routine preventative maintenance on

highways, airports, ferries, buildings, etc. would enable the state to get more life from its initial investment.

RN 33853

Aggregate Surfacing Materials

\$2,000,000

Mr. Coffey related that this project would provide gravel resources stock piles on several of Alaska's major gravel highways, such as the Taylor Highway, the Dalton Highway, the Denali Highway, McCarthy Road, and the Nebesna Road. He shared that DOT liked to have strategically located stock piles that allowed them to continue doing maintenance on a routine basis.

RN 30634

Emergency and Non-Routine Repairs

\$2,000,000

Mr. Coffey stated that the project would allow DOT to respond quickly to natural disasters or the aging of infrastructure. He shared that the funding would allow the department to be proactive in repairing a culvert before it damaged and closed down a major highway. He stated that the department had used funding in the current year in the Mat-Su Valley on the old Glenn Highway next to the Matanuska River; the river was encroaching on the highway and would take out the highway without further action. He concluded that the funding was allowing DOT to be proactive in providing shore protection to keep the river away from the facility.

Senator Hoffman directed the presentation back page 13.

RN 30624

Alaska Marine Highway System - Vessel and Terminal Overhaul and Rehabilitation

\$12,000,000

Senator Hoffman noted that the community of Metlakatla had completed its road and was in the process of making a shorter ferry run from Annette Island to "hopefully Saxman if that gets worked out or the present terminal." He related that he had recently visited Metlakatla and expressed that there were concerns in the community that "this run" was one of the very few that was profitable. He stated that the rumors in Metlakatla were that the number

of routes and the price would stay the same even though the time was being reduced by two-thirds. He inquired if the department could examine the issue and get back to him. He noted that the area was now in Senator Stedman's district, but that he had taken a keen interest in the issue. He was interested in what the department was doing regarding the route in Metlakatla. He expressed an additional concern that Metlakatla's afternoon ferry schedule did not coincide with connecting Alaska Airlines flights and that people had been unable to make the connection from the ferry to Alaska Airlines as a result. He opined that a 30 or 45 minute adjustment to the route could address the issue with connecting flights. Mr. Ottesen replied that Deputy Commissioner Yost would attempt to get answers to all of Senator Hoffman's questions and related that the questions were largely operational in nature.

Co-Chair Meyer noted that although he had requested that the questions be held till the end of the meeting, it would be appropriate to take a break for questions as the presentation got through various sections.

[9:39:27 AM](#)

RN 54169
Regulatory Compliance
\$3,435,000

Mr. Coffey related that this grouping of projects allowed DOT to stay compliant with new Environmental Protection Agency (EPA) mandates and regulations.

RN 50874
Central Region - Sand Storage Buildings
\$2,000,000

Mr. Coffey stated that the department was required by its Municipal Separate Storm Sewer System (MS4) Permit to have covered sand storage in Anchorage, Girdwood, and Birchwood.

Vice-Chair Fairclough inquired if the project was for the Anchorage Road and Drainage Service Area (ARDSA) group and noted that the Chugiak, Birchwood, Eagle River Rural Road Service Area (CBERRRSA) group was included under Birchwood. She thought she recalled giving an appropriation the prior year for covered sand storage in the Chugiak/Eagle River area. Mr. Coffey responded that he was unaware of what

Vice-Chair Fairclough was referring to and that the first project that the department had completed was in Girdwood, which now had covered sand storage; the \$2 million was for the Birchwood sand storage. Vice-Chair Fairclough pointed out that she would look into the matter because an appropriation had been altered the previous year in order to make "this" the higher priority. She added that she was not sure if the appropriation was for this particular location, but that one facility in the area had been addressed with funding.

RN 50790

Environmental Protection Agency Injection Well
Compliance/Remediation Project
\$1,200,000

Mr. Coffey related that this project was another EPA enforcement action that was taken against the department. He explained that DOT had about 40 of the class 5 injection wells, which were simply oil-water separators in a maintenance shop. The class 5 injection wells were banned in 2005 and the funding would represent the first year of a two year project to decommission the wells in compliance in EPA mandates.

RN 56603

Environmental Protection Agency Mandated Airport Deicing
Conversation to Potassium Acetate
\$235,000

Mr. Coffey stated that this project reflected another EPA Mandate in which the use of urea had been banned for use in airports. Urea had been the number one anti-icing/de-icing agent that was used on the majority of DOT's airports. He added that the project affected Kodiak, Bethel, Sitka, and Barrow. He explained that urea was a solid chemical, but that potassium acetate, which was the alternative, was a liquid chemical; the funding would provide for storage, pumping, and other things in order to facilitate the conversion to potassium acetate.

[9:43:33 AM](#)

Co-Chair Meyer inquired if the conversion to potassium acetate represented a federal mandate without any funding. Mr. Coffey responded in the affirmative.

Vice-Chair Fairclough stated that her staff had checked into her questions regarding RN 50874 and related that "what we had was a city sand storage issue versus a state sand storage issue."

RN 49780
Municipal Harbor Facility Grant Fund
\$8,993,500

Mr. Ottesen stated that every year, DOT sought nominations from communities and that essentially, the state was agreeing to pay half of the cost of upgrading a harbor in return for the community taking the harbor over. He added that there was a chart that showed how many requests in dollars the department had over the years, as well as how many dollars had been appropriated by year. He shared that in the current year, \$14,713,000 had been appropriated. The budget request was for two of the four projects that were in the request for "just a little less than \$9 million." He offered that the program had been very successful and was ongoing; DOT was proposing to fund the Homer and Ketchikan projects this year and to defer the projects in Sitka and Akutan.

RN 42968
Community Harbor and Transfer Program
\$2,000,000

Mr. Ottesen shared that this program was somewhat related to the last appropriation, but was for much smaller facilities such as boat ramps or small floats; the funding would go towards two projects in Ketchikan and one in Wrangell.

RN 41670
Juneau Access
\$10,000,000

Mr. Ottesen related that the request was for starting the Juneau Access Project; the plan was to try building the project with roughly half federal funds and half state funds in order to accomplish the project without reducing the federal program to other areas of the state. He explained that the reason the money was needed now was because it was a large project in the eyes of the Federal Highway Administration (FHWA). He explained that the Juneau Access Project was over \$100 million and that projects over

that size had to have a detailed financial plan prepared and updated annually. He furthered that one of the rules in "that whole process" is that you have to present a realistic funding source; the state needed to demonstrate that the money would be forthcoming.

Co-Chair Meyer stated that the committee had some questions on the Juneau Access Project, but would wait until Mr. Ottesen was finished with his presentation.

[9:47:14 AM](#)

RN 56677

Knik Arm Bridge and Toll Authority (KABATA) Project
\$10,000,000

Mr. Ottesen related that this project was meant to establish a reserve fund for years when the toll revenue was not sufficient to reimburse the public-private partnership that was building the project. He shared that the project was a matter of showing good faith to the markets and the FHWA. FHWA had the ability to bestow on the project a type of funding known as "TIFIA," which was a very low-interest patient capital that was willing to wait last to be repaid. He shared that Congress had recently increased the amount of TIFIA funds that were available, as well as the amount of TIFIA funding that could be bestowed on one project.

RN 54136

Project Acceleration Account
\$3,000,000

Mr. Ottesen stated that the department had asked for a similar amount the prior year, but that the legislature had enlarged the request from \$3 million to \$4.5 million. He explained that federally funded projects could sometimes go quicker with added state money added to the project and offered that this way, tasks could be done out of sequence, which federal funds would not permit. He offered that using state funds to supplement federal projects could often save a year or two off a project's timeline. He pointed out that a lot of projects had benefited from the acceleration account. He mentioned that one of the reasons the fund was enlarged the previous year was to get a start on several of the GO Bond projects. A list of GO Bond projects had been approved by the legislature in the budget the prior spring;

however, it did not go to the voters until November and the bonds for the GO funded projects had not been sold. There were no dollars yet to start the GO Bond projects; however, due to project acceleration funds, several of the projects were underway with field and design work. He offered that the acceleration fund had saved substantial time.

[9:50:25 AM](#)

RN 39356
Resource Roads Program
\$2,000,000

Mr. Ottesen mentioned that the request was for the administrative and small project amount for the program. He discussed the roads to Ambler and Umiat, as well as work on the Shelter Cove Road and the Klondike Highway; the funding would cover staff time and "early investigations." He recalled meeting with the department's consultant, who was working on a West-Susitna access project. He shared that a dock study was currently under way to see if the IFA ferry could serve as a crew delivery vessel to the mine and discussed the benefits of the potential ferry use.

RN 50770
Statewide Digital Mapping Initiative Elevation Component
\$4,000,000

Mr. Ottesen stated that the project was a request by DOT on behalf of several other state agencies and was intended to modernize Alaska's maps. He related that Alaska's maps were very old and depicted inaccuracies in the terrain.

RN 54074
United States Army Corps of Engineers-Arctic Ports Study
\$500,000

Mr. Ottesen related that this project was an ongoing study with the Army Corps of Engineers to identify port sights on the Arctic Coast in order to enable the state to better benefit from offshore oil and gas, as well as Arctic shipping.

RN 6764
Statewide Federal Programs
\$96,050,000

RN 52032

Alaska Mobility Coalition- Public and Community
Transportation State Match
\$1,000,000

Mr. Ottesen related that this appropriation would help communities provide match to their bus systems.

RN 34752

Commercial Vehicle Enforcement Program
\$3,650,000

Mr. Ottesen stated that this request was ongoing to receive federal money for insuring that the trucking industry was operating safely on our highways, but that there were several subprograms that were listed through page 47.

[9:54:11 AM](#)

RN 31375

Cooperative Reimbursable Projects
\$17,000,000

Mr. Ottesen shared that this project gave the state the ability to send its money to another federal agency to have them help Alaska or vice versa.

RN 31376

Federal Contingency Projects
\$25,000,000

Mr. Ottesen relayed that this request was essentially federal authority to receive federal funds when DOT did not have the named authority in the budget; furthermore, if a project's budget was larger than the authority received in the budget, the department took some of the contingent authority, which allowed the project to proceed in the same year.

RN 38424

Federal Emergency Projects
\$10,000,000

Mr. Ottesen stated that this funding gave DOT authority when there was a declared emergency such as a flood or forest fire; in an emergency where some of DOT's transportation assets were harmed, the funding would allow

the department to start work immediately and perform long-term repairs.

RN 30643
Federal Transit Administration Grants
\$9,000,000

Mr. Ottesen stated that this federal funding was for bus systems for all communities of the state except Anchorage and Fairbanks. He added that Anchorage and Fairbanks receive their transit funding directly from the Federal Transit Administration, while Juneau, Sitka, Bethel, and many others were receiving their money through this program.

RN 33485
Highway Safety Grant Program
\$8,000,000

Mr. Ottesen stated this was federal money that was received from National Highway Transportation Safety Administration. He related that this program was largely focused on the behavioral side of safety and did not build things or make the road safer in a physical sense; the program focused on education and enforcement. He concluded that the program was ongoing and did really good things.

RN 41923
Other Federal Program Match
\$900,000

Mr. Ottesen related that this match amount was for all the federal programs that he just covered.

RN 34018
Statewide Safety Program
\$21,500,000

Mr. Ottesen pointed out that every year part of Alaska's federal highway money was sanctioned because the state had two laws that did not meet federal requirements. The federal government took some funding away and gave it back to the state as safety dollars.

Co-Chair Meyer noted that there appeared to be a lot of federal money in DOT's budget and inquired what the split was between federal and state funding. Mr. Ottesen

responded that the split varied, but that each category of federal funding was somewhere between 80 percent to 20 percent and 91 percent to 9 percent. He shared that even in the federal highway program, not every category of funding had the same percentage ratio.

[9:58:52 AM](#)

Co-Chair Meyer requested a copy of the project acceleration list. Mr. Ottesen responded in the affirmative and stated that the list was well over a dozen projects; the funding did a variety of things that were not allowed to occur under federal rules. He added that federal rules were very procedural and that the acceleration list had allowed DOT to skip some steps.

Senator Hoffman pointed out that he had two areas of concern and expressed appreciation for the project acceleration account. He mentioned an Aleknagik bond project that had been funded years prior and inquired if Mr. Ottesen had heard of the project. Mr. Ottesen replied that the project was in design and was scheduled to go to a construction bid in April; however, the project was waiting for a permit from the Coast Guard to put the bridge in. Senator Hoffman noted that he had been working on the project for 20 years and that it would be good to see it completed.

Senator Hoffman pointed to page 42 and the Arctic Port Study. He expressed concern about the St. George harbor project that had been funded the last two years. He opined that the harbor should be included in the Arctic Port Study. He noted that the project had been the responsibility of the small community of St. George and queried if the project should be the responsibility of the DOT, given that the city transferred the design and the work to the department anyway. Mr. Ottesen responded that the Arctic Port Study had shortlisted several ports for further study and that two of the ports that were identified were Nome and Port Clarence. He stated that Crowley Maritime had already chosen to start its operational base in Port Clarence and that Nome was an existing harbor that was close to infrastructure. He shared that the state's policy for over 20 years was to get DOT out of the harbor business. He added that the department was happy to do work that was funded and came its way, but that the it had been instructed to shed those assets for

over 20 years and get them into the hands of the municipalities.

Senator Bishop noted that he had some questions regarding the commercial vehicle section on page 46, but stated that he could meet with the department after the meeting.

10:03:03 AM

Vice-Chair Fairclough pointed to page 59. She noted that Mr. Ottesen had referred to two laws that the state was not in compliance with and queried what those laws were. Mr. Ottesen replied that the one of the laws in question was an open container law. Alaska's law allowed for open containers in recreational vehicles and in a side bag of a motorcycle; this did not meet the federal requirements. He offered that the other law had to do with what happens to a vehicle that was impounded. He recalled that there had been a question as to whether an impounded vehicle should be taken away from a driver. He opined that the legislature had felt like taking the vehicle away was a punitive act to rest of the family and chose not to make that a requirement. He added that the sanction was not as harsh as one might think, but that it could be spent on safety projects. He discussed various potential safety projects. He pointed out that DOT had to take the approximately \$20 million and spend it on projects that it could show were safety related.

Co-Chair Meyer observed that there was \$7.5 million in the budget for the Dalton Highway and inquired it was eligible for any federal funding. He offered that the legislature had always "piecemealed" that road, but that it was a critical highway to the state. Mr. Ottesen replied that DOT did all of its major reconstruction projects on the Dalton Highway with federal funding, but that the \$7.5 million was for activities that were not federally eligible; the largest task that was completed with the funding was the production of the resurfacing aggregate. He furthered that major reconstruction such as a widening or a bridge replacement was all done with federal funds.

Mr. Ottesen stated that the presentation was entering two very large sections and that DOT would highlight the bigger projects.

Co-Chair Meyer noted that a lot of the funding remaining in the presentation was federal.

10:07:08 AM

ROGER MAGGARD, TRANSPORTATION PLANNER, STATEWIDE AVIATION, DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES, introduced himself and discussed the department's budget.

RN 7470
Airport Improvement Program
\$217,855,000

Mr. Maggard related that this program was 93.75 percent federally funded with 6.25 percent in non-federal match. He explained that DOT obtained grants for projects, which were then put into construction. He furthered that the department could pay its construction costs and be reimbursed by the federal government. He concluded that the program was a cost reimbursement program.

Mr. Maggard related that there were four themes, known as the "four cornerstones," that were primary with the Federal Aviation Administration (FAA) for Alaska's rural airport system. The first theme was the Runway Safety Area Expansion Program. He stated that Congress had passed a law that required that all runway safety areas on certificated Part 139 airports, which were the airports that served aircraft with over 30 seats, be brought up to standards by 2015; the FAA was pushing this as their top priority.

RN 56963
Adak- Runway Safety Area Improvements
\$6,400,000

RN 49163
Kodiak- Airport Improvements
\$27,600,000

Mr. Maggard stated that the second "cornerstone" that the FFA was pushing was improving the pavement conditions at airports. He related that DOT liked to have the runways meeting a pavement condition index of 70 and the taxiways to meet an index of 60. He shared that there was an inspection program and that each paved airport was inspected once every three years. He stated that pavement normally deteriorated at three points per year and that the

department tried to extend the life of pavements with pavement preservations. He added that pavement preservation was a major expense.

[10:11:11 AM](#)

RN 49104

Haines-Airport Drainage Improvement and Taxiway, Runway and Apron Rehabilitation, and Fencing
\$2,000,000

RN 56966

King Salmon- Runway Pavement Reconstruction
\$4,000,000

RN AMD 56954

Nome Airport- Runway Apron Pavement Rehabilitation
\$11,000,000

RN 40294

Ted Stevens Anchorage International Airport-Airfield Pavement and Maintenance
\$25,400,000

Mr. Maggard relayed that the third theme was rural access and stated that 82 percent of Alaska's communities had no road access; airports provided the primary or only practical all-season access to these communities.

RN 56965

Hooper Bay- Airport Improvements
\$25,000,000

RN 56955

Kiana- Airport Improvements and Snow Removal Equipment Building(SREB)
\$15,000,000

RN 56950

Saint Michael- Airport Improvements
\$8,300,000

Mr. Maggard shared that the fourth "cornerstone" was safety improvements, which covered a wide variety of potential projects.

RN 40555

Cold Bay-Airport Rescue and Firefighting Building Expansion
\$332,000

RN 56961

Cold Bay- Approach Lighting System Replacement
\$2,900,000

RN 56956

Ketchikan Airport- Airport Rescue and Fire Fighting (ARFF)
Building Remodel
\$1,000,000

RN 51627

Fairbanks International Airport- Aircraft Rescue
Firefighting Facility Upgrade
\$6,500,000

Senator Hoffman pointed to page 70 and requested the department to reclassify the locations of the new election districts. Mr. Ottesen responded that the department would work on it.

[10:15:25 AM](#)

Mr. Ottesen related that the Federal Highway Program was the largest individual portion of the department's capital budget and was funded largely by the FHWA.

MIKE VIGUE, DIVISION OF PROGRAM DEVELOPMENT, DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES, began his presentation of the department's requests.

RN 32610

Surface Transportation Program
\$577,000,000

RN 32609

Federal-Aid Highway State Match
\$48,600,000

Mr. Vigue responded to an earlier question by Co-Chair Meyer and stated that the vast majority of the Federal Highway Program was split at about 91 percent federal funding to 9 percent match. He pointed out that there were a few programs with an 80 percent to 20 percent split.

Co-Chair Meyer stated that the department did not need to go through each item individually. Mr. Vigue responded that he would not go through each project, but would highlight a couple of the projects and provide information on several of the metropolitan planning organization projects.

RN 39100

Anchorage Metropolitan Area Transportation Solutions
(AMATS)- Air Quality Public and Business Awareness
Education Campaign
\$300,000

RN 56933

Anchorage Metropolitan Area Transportation Solutions
(AMATS)- Municipality of Anchorage Long Range Transportation
Plan
\$650,000

RN 56932

Anchorage Metropolitan Area Transportation Solutions
(AMATS)-Freight Mobility Study
\$250,000

RN 51556

Anchorage Metropolitan Area Transportation Solutions
(AMATS)-O'Malley Road Reconstruction
\$20,500,000

RN 40396

Anchorage Metropolitan Area Transportation Solutions
(AMATS)- Ridesharing and Transit Marketing
\$720,000

Mr. Vigue stated that these projects were prioritized by the metropolitan planning organization in Anchorage, which was Anchorage Metropolitan Area Transportation Solutions (AMATS). He related that AMATS received an allocation of about \$22 million per year and stated that the above projects were what AMATS had in its transportation plan for the upcoming year. He pointed out that the largest project in this group was the O'Malley road reconstruction.

RN 41699

Central Region- National highway System and Non-National
Highway System Pavement and Bridge Refurbishment
\$25,000,000

RN 41700

Northern Region- National highway System and Non-National Highway System Pavement and Bridge Refurbishment

RN 41701

Southeast Region- National highway System and Non-National Highway System Pavement and Bridge Refurbishment
\$5,000,000

Mr. Vigue stated that these three projects were for preventative maintenance and were aimed at extending the life of the facility. The funds would be used for activities such as chip sealing, pavement overlays, crack sealing, restoration of drainage systems, and bridge preservations.

[10:20:07 AM](#)

RN 57060

Palmer-Wasilla Highway- Pavement Preservation- Parks Highway to Knik-Goose Bay Road
\$4,000,000

RN 49144

Parks Highway- Milepost 43.5 to 52.3 Reconstruction Lucas Road to Big Lake Cutoff
\$29,000,000

RN 54161

Parks Highway- Milepost 194-Broad Pass Railroad Overcrossing
\$20,000,000

Mr. Vigue related that the two projects on the Parks Highway were fairly substantial and stated that the highway was a designated highway safety corridor; it was the department's intent to get these two projects "out in the near-term."

Mr. Vigue related that there were a fair amount of bridge projects on the list and relayed that under MAP-21, there would be a performance measure on structurally deficient bridges; as a result, DOT had been making an effort to try to get the bridges to a better condition. He related that if the state did not work on the bridges, there would be penalties to the state. He explained that designated funding would have to be used on bridges and that the

federal share on a project could go down if the state did not meet the federal performance measures.

Senator Bishop inquired if the department had its matrix laid out regarding the order of what bridges the state need to improve. Mr. Vigue replied in the affirmative and explained that DOT had a bridge management system that required them to conduct inspections on the bridges every two years. He furthered that the department collected data on the bridges and assigned them a score, which was known as a "sufficiency rating." He concluded that the department would use the data to determine which bridges would get capital improvements.

Mr. Ottesen followed up that DOT had published a bridge report in 2005 and relayed that it contained the mainline and the "off-system" bridges that needed work. He stated that the department had been focusing on the mainline bridges because of the prospect of gas pipelines and because they impeded commerce for oversized and overweight loads.

Co-Chair Meyer inquired how the intermixing of federal and general fund money worked. He assumed the department would continue expanding O'Malley "up the hill" with the additional money in the GO Bond. He expressed concerns that using federal money could slow down the project. Mr. Ottesen replied that DOT could get back to the committee with an answer, but that the department was mindful to apply the type of funding that made the project go the fastest. Co-Chair Meyer noted that the issue could be pursued outside of the meeting.

[10:24:18 AM](#)

Vice-Chair Fairclough directed the committee's attention back to pages 149 and 150 and discussed RN 56913 and RN 54306. She inquired if the two projects would be inside the Anchorage area. Mr. Ottesen replied that he was not certain of the answer and would have to get back to the committee with a response. He pointed out that the Anchorage signals were managed by the Municipality of Anchorage; AMATS would provide funding for Anchorage signal projects. He believed that the projects were for the signal systems in Mat-Su and Kenai.

Vice-Chair Fairclough pointed out the Municipality of Anchorage was taking care of the signals and that she did not want the state to reach in and compete with them. Mr. Ottesen responded that DOT was not competing and was very cooperative with AMATS and the Municipality of Anchorage. He added that the department had signal systems in Mat-Su and Kenai that were fully the responsibility of DOT.

Vice-Chair Fairclough referenced RN 56913 and requested a breakdown of where the new school zone devices were being installed.

Senator Hoffman directed the presented back to RN 51320 on page 226. He noted that the department had identified over \$725,000,000 in deferred maintenance needs in aviation, harbors, statewide facilities and highways, and the Alaska Marine Highway System; he inquired if the department could provide him with a list of those projects. Mr. Ottesen replied in the affirmative and replied that next section would cover the projects.

RN 51320

Deferred Maintenance, Renewal, Repair, and Equipment
\$26,230,000

Mr. Coffey related that the funding was valuable to DOT. He reiterated that there was federal airport improvement funding and Federal Highway Administration preventative maintenance funding, but that the two funding sources were limited and could only be used for certain types of projects. He stated that the approximately \$725,000,000 backlog represented projects that were deferred because the department did not have the resources to address them in a timely fashion.

RN 51383

Aviation Deferred Maintenance
\$3,258,900

Mr. Coffey stated that these projects allowed DOT to do repairs primarily to the rural airports for lighting repairs, leveling of the airport, surface aggregates, brush cutting, segmented circles, windsock repair, etc. He added that this funding covered a wide range of typically smaller projects and would not qualify for a federal "full blown type project."

[10:28:35 AM](#)

RN 51539
Highways Deferred Maintenance
\$1,735,700

Mr. Coffey related that there were 30 or 40 projects that were allocated out of this funding source. He stated that the allocations were broken down into vegetation management, gravel resurfacing, dust control, and asphalt repairs. He pointed out that the deferred maintenance funding had allowed DOT to do tremendous work on asphalt repairs in the Anchorage, Mat-Su, and Kenai areas; rather than a federal aid project that covered miles of paving, the department was able to strategically hit smaller segments. He stated that the funds were also used for luminaire and traffic signal repairs and upgrades, bridge repairs, and culvert replacement. He added that these projects tended to be smaller in scale, but did not generally qualify for federal funds. He concluded that the funding was a great way for the department to try to reduce its backlog of deferred maintenance projects.

Senator Hoffman reiterated that he would like a list of the \$725,000,000 in deferred maintenance projects statewide. Mr. Ottesen replied that the department would provide the requested information.

Senator Bishop inquired if vegetation management referred to hydro-axing, brushing, and clearing on the right-of-way. Mr. Coffey responded in the affirmative. Senator Bishop complimented DOT on its increased efforts at vegetation management and offered that it represented a safety-zone improvement on moose strikes.

Senator Dunleavy requested that the project list that Senator Hoffman had asked for be provided to the entire committee. Mr. Ottesen responded in the affirmative.

Co-Chair Meyer interjected that the information would be routed through the chairman's office to be distributed to committee members.

Mr. Ottesen responded that there were lists of the projects behind each of the categories in the budget. He asked Mr. Coffey if the list in the budget included the entirety of the \$725,000,000 in deferred maintenance projects in the

categories of aviation, harbors, statewide facilities and highways, and the Alaska Marine Highway System. Mr. Coffey responded that the lists in the budget only included the 2014 proposed allocations.

Mr. Ottesen stated that DOT would provide the complete list of the \$725,000,000 in deference maintenance projects to the committee.

Senator Dunleavy inquired if the list of \$725,000,000 in deferred maintenance projects would be broken down by election district. Mr. Ottesen replied that the list was prepared prior to the district change and that DOT would have to go through it to make sure the districts were correct.

10:32:08 AM

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

Co-Chair Meyer discussed the following meeting's agenda and noted that on Tuesdays and Thursdays, the committee would try to meet until 11:00 a.m.

10:32:42 AM

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ADJOURNMENT

The meeting was adjourned at 10:32 a.m.