

SENATE FINANCE COMMITTEE
February 19, 2014
9:07 a.m.

[9:07:52 AM](#)

CALL TO ORDER

Co-Chair Meyer called the Senate Finance Committee meeting to order at 9:07 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
Senator Donny Olson

MEMBERS ABSENT

None

ALSO PRESENT

Jo Ellen Hanrahan, Deputy Commissioner, Department of Commerce, Community and Economic Development; Sarah Fisher-Goad, Executive Director, Alaska Energy Authority, Department of Commerce, Community and Economic Development; Jo Ellen Hanrahan, Deputy Commissioner, Department of Commerce, Community and Economic Development; Jeanne Mungle, Administrative Services Director, Department of Commerce, Community and Economic Development; Curtis Thayer, Commissioner, Department of Administration; Jeanmarie Davis, Director, Division of Support Services, Department of Natural Resources; Ed Fogels, Deputy Commissioner, Department of Natural Resources; Bob Swenson, Deputy Commissioner, Department of Natural Resources.

SUMMARY

SB 119 BUDGET: CAPITAL

SB 119 was HEARD and HELD in committee for further consideration.

FY 15 GOVERNOR'S BUDGET OVERVIEWS:

DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT

DEPARTMENT OF ADMINISTRATION

DEPARTMENT OF NATURAL RESOURCES

[9:08:10 AM](#)

Co-Chair Meyer discussed housekeeping.

#sb119

SENATE BILL NO. 119

"An Act making appropriations, including capital appropriations and other appropriations; making appropriations to capitalize funds."

[9:09:21 AM](#)

^FY 15 GOVERNOR'S BUDGET OVERVIEW: DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT

JO ELLEN HANRAHAN, DEPUTY COMMISSIONER, DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT, spoke to the capital budget requests for FY15:

RN 38946

Community Block Grants

\$6,060,000

Brief Summary and Statement of Need:

This project is for multiple federally funded programs, enabling the Department of Commerce, Community and Economic Development (DCCED) to provide grants to communities and non-profits that provide services and/or benefits for low to moderate income individuals.

Project Description/Justification:

Community Services Block Grants:

This program provides funding to reduce and/or prevent poverty through community based educational activities which lead to a greater degree of self-sufficiency. As authorized by federal Public Law 97-35, throughout the United States the federal Department of Health and

Human Services (HHS) has designated 950 Community Action Agencies (CAAs) - all of whom may then receive federal funding that passes-through the appropriate state agency. Within Alaska the federal HHS has designated only one CAA, the non-profit corporation Rural Alaska Community Action Program (RurAL CAP).

RurAL CAP's mission is to protect the heritage of, while also improving the quality of life for, low income rural Alaskans. This is accomplished through educational programs such as alcohol and drug abuse prevention programs, fetal alcohol syndrome prevention programs, and child development programs; adult training; affordable housing programs; advocacy for low-income individuals; and instruction on how to advocate for themselves.

This program has been in existence since 1965. The federal HHS provides 100 percent of the funding. For FY2015, DCCED anticipates \$3 million in federal funding.

Community Development Block Grants:

This program provides grants not to exceed \$850,000, to municipalities for planning activities, infrastructure projects, and economic development which benefit low to moderate-income individuals.

This program has been in existence since 1983. The U.S. Department of Housing and Urban Development (HUD) provides funding, which ranges from \$3 to \$3.5 million annually with a state match of two percent. For FY2015, DCCED anticipates \$3 million in federal funding with a state match of \$60,000.

[9:10:15 AM](#)

RN 54070

Economic Development Marketing Initiative

\$400,000

Brief Summary and Statement of Need:

Expand development activities and promotion of Alaska's economic opportunities and reputation as a great place to live, conduct business, and invest through activities that may include: enhanced visibility at trade shows; a proactive media relations campaign; and expanded marketing support of Alaska's key industries across all sectors, including tourism, fisheries, minerals, forest products, film and agriculture.

Project Description/Justification:

This project will expand promotional and development activities of Alaska's industries and build our reputation as a great place to live, conduct business and invest. New development efforts initiated in FY2013 through a capital appropriation allowed the department to act in a broad and impactful way. Development programs keep Alaska in the marketplace, align with the private sector needs, provide targeted technical assistance, and help businesses with access to capital.

The department plans to build on increased marketing efforts initiated with FY2013 capital funding to include:

Create Awareness and Demand for Alaska Products

- Upgrade the Alaska building trade show booth, displays and materials, which currently showcase more than 25 Alaska businesses and products.
- Expand participation outside of the Anchorage area in consumer and home building industry shows.
- Upgrade and maintain the online directory of products.
- Engage retailers and consumers by promoting construction of a home built in Anchorage with
- Alaska manufactured products. Promotions will include retail and consumer tours, seminars, and demonstrations with Alaska Grown products.

Connect Alaska Minerals Projects with Potential Investors

- Sponsor a one-day Alaska minerals seminar in conjunction with a major mining conference (30,000 attendees) held each March in Toronto.
- Showcase the State of Alaska, minerals support industries, Alaska Native corporations, and mineral exploration companies at major industry trade shows.
- Expand efforts to collaborate with other state agencies to target investors in the minerals industry.

Pursue Development Opportunities

- Immediately react when businesses and industries outside the state indicate an interest in locating to Alaska. This "SWAT team" approach includes responding to mariculture businesses that may relocate from Washington state and the

unmanned aircraft industry interested in Alaska for both military and non-military applications.

- Develop an approach to “re-shore” Alaska businesses that have migrated out of Alaska or the United States, such as the department’s participation in the 2013 US Manufacturing Summit and Trade Show in Florida.
- Promote Alaska as a film location as well as support film and television productions through our workforce, film-related businesses, and incentives.

Generate Media Exposure for Alaska Industries

- Conduct media briefings and Alaska site visits to attract media interest in Arctic development, logistics and transportation, marine trades, natural gas, manufacturing, and resource development.
- Pursue national and trade publications to promote Alaska’s reputation as a place to invest and do business.

With this capital project, the department will continue providing development work in forest products, minerals, and emerging industries, the marketplace. The business community has benefited from the department’s recent efforts. For economic development progress to continue, it is imperative that the department have capacity for marketing Alaska.

[9:14:00 AM](#)

RN 55631

Nutritional Alaskan Foods for Schools

\$3,000,000

Brief Summary and Statement of Need:

This project will provide grant funds to be distributed to school districts to purchase healthy, Alaska grown food products to be served for school meals. This project provides healthy and nutritional meal options for Alaskan students, promotes healthy lifestyle choices, and creates an additional market for locally grown and harvested Alaskan food products.

Project Description/Justification:

This pilot program began in FY2013, and is meant to encourage Alaska school districts to purchase nutritious food sources that are grown or harvested in

Alaska. Grant funds will be apportioned two separate ways. Fifty-three percent of the funds will be allocated according to the 2013-2014 school year average daily membership of the school districts. The remaining 47 percent of the funds will be apportioned according to the 2013-2014 School District Cost Factor. The sum of the two amounts will be available to each school district for reimbursement of purchases under this program. Under the Nutritional Alaska Foods for Schools program, a school district makes its purchases and submits a reimbursement request to the Department of Commerce, Community and Economic Development (DCCED). The request details quantities purchased, cost, and proof that products were Alaskan grown, or caught/harvested in Alaskan waters. DCCED then issues a reimbursement payment to the school district for the cost, up to the amount of the district's allocation. For this FY2015 funding, school districts have until June 30, 2015 to request reimbursement. Any remaining funds are distributed to districts based upon their 2013-2014 average daily membership.

The following items would qualify for reimbursement under the Nutritional Food for Alaskans program:

- Finfish or shellfish caught/harvested in Alaskan waters.
- Livestock raised in Alaska.
- Milk produced from livestock in Alaska.
- Fruits and vegetables grown in Alaska.
- Native produce and berries commercially harvested in Alaska.
- Transportation and shipping costs of the above goods.

[9:14:24 AM](#)

Vice-Chair Fairclough requested an explanation of RN 52507, Alaska Energy Authority - Energy Plan Implementation.

SARAH FISHER-GOAD, EXECUTIVE DIRECTOR, ALASKA ENERGY AUTHORITY, DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT, replied that she would speak to the Alaska Energy Authority projects shortly.

[9:15:25 AM](#)

RN 56220
Alaska Energy Authority - Susitna-Watana Hydroelectric
\$95,200,000

Brief Summary and Statement of Need:

This project supports the Susitna-Watana Hydroelectric project and provides for continued progress during the second season of field studies. The Alaska Energy Authority continues to work towards a goal of filing a FERC license application.

Project Description/Justification:

This project funding will be used for the environmental studies, license application preparation, and project management consulting on the Susitna-Watana Hydroelectric Project. Continued work on the Susitna-Watana Hydroelectric Project is in preparation for the Federal Energy Regulatory Commission (FERC) license application.

FY2015 funding will be used to continue scientific work while project managers work with other state officials and private corporations to acquire all appropriate land use permits.

Ms. Fisher-Goad stated that the Office of Management and Budget would be presenting a supplemental request for \$32.7 million the following day. She said that the supplemental funding would allow for the continuation of the second study season, which was being split between the field seasons of 2014 and 2015.

[9:18:33 AM](#)

Co-Chair Meyer inquired when AEA hoped to get the project to an open season. Ms. Fisher-Goad replied that the goal was to complete all the necessary work to file for a license application in 2016. The expectation was that a license would be received in 2018.

[9:19:01 AM](#)

Ms. Fisher-Goad continued with the capital requests:

RN 49734
Alaska Energy Authority - Bulk Fuel Upgrades
\$8,500,000

Brief Summary and Statement of Need:

The Bulk Fuel program upgrades non-compliant bulk fuel facilities in rural communities. Upgrading bulk fuel facilities reduces the cost of energy by reducing or eliminating fuel loss from leaks and spills. By providing enough capacity for current and planned needs, communities may purchase fuel in larger quantities at a lower cost per gallon.

Project Description/Justification:

Bulk Fuel Upgrades: Most rural tank farms have serious deficiencies that typically included:

- Inadequate dikes to contain fuel spills
- Inadequate foundations, which could cause gradual tank movement and fuel leakage
- Improper piping systems and joints, which are the most common source of fuel leaks
- Improper siting near wells, beaches, and buildings, or within a flood plain
- Tanks that are rusted or damaged beyond repair
- Electrical code violations
- Inadequate security

This program began in 1997 and has expanded since FY1999 with federal funding from the Denali Commission.

RN 57255

Alaska Energy Authority - Renewable Energy Projects

Round Six

\$25,000,000

Brief Summary and Statement of Need:

The Renewable Energy Grant Recommendation Program (REGRP) was created in 2008 with the intent to appropriate \$50 million annually for five years. In 2012, the program was extended to June 30, 2023. The Legislature has appropriated \$227.5 million to date for this program since its creation. Applications are currently being sought for the seventh year of funding

Ms. Fisher-Goad related that the priority list for the request had been presented to the committee at an earlier date.

Vice-Chair Fairclough referred back to RN 49734. She asked whether the work being done by the Renewable Energy Fund was being evaluated in conjunction with the Bulk Fuel

Upgrades, and whether the fact that the fuel was being displaced was being taken into account. Ms. Fisher-Goad replied in the affirmative. She said that AEA was taking a very community oriented approach with respect to the projects. She said that work that was occurring in Kake was a prime example.

[9:21:53 AM](#)

RN 52498

**Alaska Energy Authority - Rural Power Systems Upgrade
\$12,600,000**

Brief Summary and Statement of Need:

Electric utility systems are part of the basic infrastructure of rural communities. The power plant and distribution systems in rural communities may not meet accepted utility standards for safety, reliability, and environmental protections. Due to high costs and limited economies of scale, most local communities cannot make the capital investments needed to meet accepted utility standards.

Project Description/Justification:

Rural Power Systems Upgrade (RPSU): This program concentrates on power production and delivery, including diesel powerhouse, heat recovery, and electrical distribution. Efficiency, reliability, safety and sustainability are primary drivers throughout the conceptual design, final design and construction process. It is not uncommon to see a 30-40 percent increase in fuel savings after a new powerhouse project is completed. After completion of the project, the rural utility is required to employ a qualified operator to ensure that the system is properly operated and maintained. Alaska Energy Authority (AEA) provides training and technical assistance to assist communities with proper operation of new facilities. This program began in 1997 and has expanded since FY1999 with federal funding from the Denali Commission. Federal funds are declining and state funds are needed to continue funding this program.

[9:23:01 AM](#)

RN 55450

Alaska Energy Authority - Rural Power Distribution Project
- Kwigillingok
\$700,000

Brief Summary and Statement of Need:

This project will fund needed rural power system upgrades in the community of Kwigillingok. Project funds will be used for the distribution upgrade portion of the project.

Project Description/Justification:

This project replaces the electric power distribution system in the village of Kwigillingok, Alaska. The current electrical distribution grid was installed in the late 1970's and is both outdated and in disrepair which contributes to frequent power outages. This project is currently in the design phase. Construction is estimated to begin in the winter of 2014. Winter construction is required due to ground conditions and the need to use ice roads.

This project was initially funded through a direct legislative appropriation to the Alaska Energy Authority (AEA) in SB160, SLA 2012. The appropriated amount was based on community developed estimates that indicated insufficient funding to complete the distribution upgrades. AEA's technical review of the original estimates identified a need for additional funds in order to complete the required scope of work.

RN 55445

Alaska Energy Authority - Rural Power Distribution Project
- Tuntutuliak
\$750,000

Brief Summary and Statement of Need:

This project will fund needed rural power system upgrades in the community of Tuntutuliak. Project funds will be used for the distribution upgrade portion of the project.

Project Description/Justification:

This project replaces the electric power distribution system in the village of Tuntutuliak, Alaska. The current electrical distribution grid was installed in the late 1970's and is both outdated and in disrepair

which contributes to frequent power outages. This project is currently in the design phase. Construction is estimated to begin in the winter of 2014. Winter construction is required due to ground conditions and the need to use ice roads.

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[9:24:52 AM](#)

RN 32950

Alaska Energy Authority - Electrical Emergencies

Program

\$330,000

Brief Summary and Statement of Need:

The Electrical Emergencies program provides technical support when an electric utility has lost, or will lose the ability to generate or transmit power to its customers and the condition is a threat to life, health, and/or property. The ability to respond to loss of power in communities is essential to their health and safety. This program contributes to the department's mission of promoting a healthy economy and strong communities as electricity is considered essential for both community development and economic growth.

Project Description/Justification:

Electrical emergencies can result in the loss of communications, lights, refrigeration systems, washeterias, water and sewer systems, and the use of other basic infrastructure and equipment.

Extended power outages during the winter months can be expensive and compromise public safety:

- Water and sewer systems are subject to freezing and bursting
- Fire hazards increase

- Medical clinics and other public facilities may close

Electrical emergencies may involve power plant failures and/or distribution system failures.

If the Alaska Energy Authority (AEA) is unable to respond, the response to loss of power emergencies will be redirected to the Department of Military and Veterans Affairs, Division of Homeland Security and Emergency Management, State Emergency Operations Center (SEOC).

[9:25:52 AM](#)

Senator Bishop inquired as to how quickly the authority could react to an emergency. Ms. Fisher-Goad replied that the AEA could respond quickly. She shared that many of the technical experts that understood the diesel systems had close relationships with the powerhouse operators in the communities.

[9:27:04 AM](#)

RN 52507

**Alaska Energy Authority - Energy Plan Implementation
\$1,000,000**

Brief Summary and Statement of Need:

The Alaska Energy Authority (AEA) works with regional organizations to define and gather information, and create a regional energy plan. The intent is for each region have a completed energy plan that they can use and update as appropriate. This project is required to continue work on the regional energy plans and to evaluate the transmission and propane potential in rural Alaska.

Project Description/Justification:

The Alaska Energy Authority (AEA) is working with regional organizations to initiate specific resource assessments and project development plans. Funding in FY2015 is to complete the regional energy plans and provide each region a completed energy plan they can use and update as appropriate.

There are six regions that are under contract with AEA for their regional energy plans. Previous efforts with the Railbelt Integrated Resource Plan (RIRP) and part of the Southeast Integrated Resource Plan (SEIRP) were

led by AEA staff, whereas the current plans are contracted out to a lead entity in each region. The regional plans are intended to take the previous work of AEA's *The Energy Pathway* and provide a prioritized project list on a regional level. These plans are also an opportunity to identify communities in a region that can be linked by transmission lines and provide economies of scale for needed energy infrastructure. Some of this work is currently being done inefficiently on a project by project basis; however, developing a regional approach authored by regional leaders will assist AEA and the state in prioritizing energy project investments. Regional planners meet on a quarterly basis to share ideas and network with their colleagues from other regions on their regional energy plan. AEA staff facilitates the meetings and provides updates on statewide energy data, mapping resources, and technical assistance during these sessions.

This project will continue the current contracts into Phase II, and anticipates including other regions, such as Kodiak, Chugach, and Arctic Slope, in the regional energy planning process. The contracts are divided into two phases:

- Phase I - preliminary planning, resource inventory assessment, and data collection;
- Phase II - drafting, soliciting comments, and finalizing the plan.

The current contracts are for Phase I activities. The tasks include identifying a stakeholder advisory group and stakeholders at large. Resource inventory and data analysis for the region to include identifying past reports, studies, and summary of efforts, are part of this activity. Through data analysis, the contractor must determine, if any, areas or projects that require further analysis (identifying the gaps) and establish assumptions for evaluating project feasibility and costs. Phase II tasks include preparing alternatives for communities, sub-regions, and the region as a whole and identifying and ranking the preferred alternatives.

The completion of the following activities and work tasks are required for each of the regional plans:

- Determination of fuel usage by community for electricity, space heating and transportation.
- Determination of locally available energy sources.

- Evaluation of existing technology.
- Evaluation of energy delivery systems.
- Evaluation and rank of energy sources.
- Organization of public workshops to assist in the communication of the plan by gathering feedback and providing periodic updates.

Other statewide needs will also be addressed through the energy plan process. These include:

- The utilization of propane and Liquefied Natural Gas (LNG) in rural Alaska,
- Where can and do regional transmission lines make sense, and Data collection and evaluation of existing programs.

[9:28:52 AM](#)

Vice-Chair Fairclough asked how many regional plans had been completed to date. Ms. Fisher-Goad replied that there were several plans that were in a phase 2 draft situation, but that none of them had been completed.

[9:29:20 AM](#)

Vice-Chair Fairclough pointed out that the state had invested \$4 million starting in 2010, she wondered how long it would take to complete a plan. Ms. Fisher-Goad replied that there were 6 regions under contract with AEA to work through the plans. She said that the authority had been working with the Calista region the longest, which was one of the most diverse regions in the state. She said that through the Interior Energy Project, the advancement of other fuel sources was being incorporated into the plan. She asserted that the idea was not to deploy renewables but to look at affordable energy throughout the state.

[9:31:35 AM](#)

Vice-Chair Fairclough highlighted: 6 regional plans for \$4 million. She wondered how much additional investment would be needed to complete the 6 plans and if new regions were being added. Ms. Fisher-Goad anticipated that the only additional funds that would be needed would be the \$500,000 for FY15, and potentially in FY16. She reminded the committee that the project had not received funding in FY14.

[9:32:28 AM](#)

Senator Hoffman offered strong support for the appropriation. He said that energy costs in rural Alaska were the number one concern for people living in the area. He pointed out that the Calista region was the size of the state of Washington. He asserted that 4 years could seem like a long time, but that getting it right the first time would save the state money in the long run.

[9:33:18 AM](#)

Senator Bishop inquired whether the projects were ready to bid after they were evaluated by AEA. Ms. Fisher-Goad responded that the goal was to have projects prioritized by the region and then for AEA to provide the analysis. She stated that many of the projects that would be evaluated were already in the cue with other programs.

[9:34:08 AM](#)

Senator Olson referred to RN 56220. He understood that the FY15 request was \$10,000,000, and that the FY16 request would be \$217,000,000 and \$100,000,000 in FY17. Ms. Fisher-Goad replied that there had been an amendment with respect to the back-up provided for the project. She explained that the authority had focused on the licensing efforts rather than the engineering of the project. She said that it had been determined that it made more sense to focus on the licensing aspect of the project before going into the detailed design. The request focused beyond the request for FY15, and she reminded the committee of the supplemental request for FY14. She said that it was anticipated that an additional \$73.1 million to acquire the license. She relayed that additional engineering cost estimates had been added to the detail of the backup, which would be roughly \$245 million. She asserted that the purpose of the licensing portion was to focus in on that aspect of the FERC process to make sure that AEA had a project before expending any of the engineering funds.

[9:35:52 AM](#)

Senator Olson understood that in 2016 AEA was suggesting it would need another \$73.1 million in addition to the \$216 million. Ms. Fisher-Goad reiterated that there was an

amended back-up detail request with the \$10,000,000 that reflected only the \$73.1 million in FY16.

Ms. Hanrahan continued with the capital request presentation:

RN 51748

**Alaska Industrial Development and Export Authority -
Ambler Mining District Access
\$8,500,000**

Brief Summary and Statement of Need:

This project will provide an all season access road for exploration and development of mineral resources within the Ambler mining district. This project will provide substantial economic benefits and a large number of high paying jobs in the region. Funding sought will be used to continue the Environmental Impact Statement (EIS) and permitting processes to the point that the road could be constructed. The Alaska Industrial Development and Export Authority (AIDEA) will develop the project financing structure through a public-private partnership in conjunction with local governments, regional native corporations, and the private sector.

[9:38:16 AM](#)

RN 58442

**Alaska Railroad Corporation - Positive Train Control
\$15,000,000**

Brief Summary and Statement of Need:

This project provides \$15,000,000 for the Alaska Railroad Corporation - Positive Train Control upgrades. The Alaska Railroad Corporation (ARRC) is required to install this federally-mandated technology in order to continue offering passenger rail services. It is estimated that approximately \$69.7 million will be needed between 2015 and 2018 to complete the project.

[9:38:49 AM](#)

JEANNE MUNGLE, ADMINISTRATIVE SERVICES DIRECTOR, DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT, proceeded with the capital requests:

RN 58442
Fairbanks North Star Borough - Heating Device Air
Quality
Mitigation
\$2,000,000

Brief Summary and Statement of Need:

The Fairbanks North Star Borough (Borough), in collaboration with the State of Alaska, is continuing to work towards minimizing particulate matter emissions and improving air quality in the Borough. This project will provide funding to the Borough for heating device change-out programs that mitigate emissions and improve air quality within the fine particulate matter nonattainment area. This program allows Borough residents to remove, replace, or repair their solid fuel heating devices with cleaner burning devices. EPA-certified heating devices offer increased energy efficiency and reduce fine particulate matter emissions over older, uncertified devices.

[9:39:17 AM](#)

RN 55603
Kotzebue - Swan Lake Small Boat Harbor
\$2,500,000

Brief Summary and Statement of Need:

Kotzebue is the regional transportation hub for the Northwest Arctic Borough. Residents of the region frequently use its two "harbor like" facilities to access subsistence areas. Native subsistence is a very high priority for Kotzebue and borough residents, and a major contributor to its economy. This project will provide adequate mooring and docking facilities for borough residents whose primary transportation during summer months is by small boats.

Ms. Mungle added that the project was necessary because the Shore Avenue Erosion Project had eliminated the use of the existing boat harbor for many subsistence users.

[9:40:15 AM](#)

RN 57375
Matanuska-Susitna Borough - Bogard Road Extension East

\$5,000,000

Brief Summary and Statement of Need:

This project provides an additional east-west corridor from Palmer to Wasilla to reduce traffic congestion and traffic-related fatalities and improve safety in the core area.

Project Description/Justification:

Construction of the Bogard Road Extension from the City of Palmer to Trunk Road will provide the final link for the Bogard-Seldon Corridor. This will allow travel from Palmer to north of Wasilla and Meadow Lakes without having to use the Palmer-Wasilla Highway or Parks Highway. This will be an additional east-west corridor to relieve traffic congestion and improve safety in the most populous areas of the Matanuska-Susitna Borough.

A portion of the construction funding was provided through a voter-approved 2012 State General Obligation Bond. This project will provide the remaining funds needed to complete construction of 3.25 miles of road between the Glenn Highway in Palmer and Trunk Road, one of the borough's few north-south arterials. The construction of this segment will provide the last link for an additional east-west corridor between the Borough's two largest cities.

[9:40:59 AM](#)

Co-Chair Meyer asked whether the project was in its final phase. He queried how the project fell under the department and not the Department of Transportation (DOT).

Ms. Hanrahan replied that many small road projects went through the department because they were not within the Statewide Transportation Improvement Program (STIP) plan for DOT.

[9:41:35 AM](#)

Ms. Mungle replied added that the project would provide the remaining funds to complete the 3.25 miles of road.

[9:41:47 AM](#)

Senator Dunleavy inquired if there was coordination with the other departments regarding laying water lines along the route and other activities along the route.

Ms. Hanrahan the department did have local government specialists that worked throughout the state on coordinating between departments.

[9:42:34 AM](#)

Ms. Mungle continued with the capital requests:

RN 57374

Matanuska-Susitna Borough - Rail Extension to Port MacKenzie

\$5,000,000

Brief Summary and Statement of Need:

This project provides funding for construction of a rail extension from the Alaska Railroad mainline to Port MacKenzie, a deep water port capable of docking and loading the largest cargo vessels in the world. By providing a shorter rail route to tidewater, the rail extension will substantially boost the export of Alaska's minerals, and other natural resources helping to diversify the statewide economy.

[9:43:28 AM](#)

Co-Chair Meyer inquired if the request represented the final cost on the rail line and whether anyone else was participating in offsetting some of the costs. Ms. Mungle responded additional funding would be needed, but the degree of funding was unknown at present. She said she would get back to the committee regarding those issues.

[9:44:25 AM](#)

Ms. Mungle continued to list the capital requests:

RN 52278

Whittier - Shotgun Cove Road

\$2,000,000

Brief Summary and Statement of Need:

This project extends Shotgun Cove Road 2.5 miles, from Emerald Cove Trailhead to Trinity Point. This paved,

24 foot road will improve the quality of life and produce much needed revenue sources for the City of Whittier, its residents, and the local business. The Shotgun Cove Road project is an approximately 9 mile of new road construction project aimed at accessing lands in Shotgun Cove as well as lands to the east of the Whittier core area. These lands were granted to the City of Whittier by the State of Alaska. The city is required to convey the majority of this land into private ownership. The Shotgun Cove Road project is intended to provide access to these lands as well as to promote development.

[9:45:21 AM](#)

RN 45816
Alaska Air Carriers Association, Inc. - Medallion
Foundation
\$250,000

Brief Summary and Statement of Need:

The mission of the Medallion Foundation is to reduce aviation accidents in Alaska by fostering a new safety culture and by promoting higher safety standards through training, research, education, auditing and advocacy. This project will provide state support to the Medallion Foundation as they transition their business model to a more fee based structure.

Medallion Foundation participants transport 90.3 percent of the passengers enplaned in Alaska by carriers operating in Alaska. Those same participants carry 95 percent of the cargo and mail transported within Alaska. Participants in the safety program serve 100 percent of the communities in Alaska.

[9:46:16 AM](#)

RN 58698
Alaska Native Tribal Health Consortium-Alaska Rural
Utilities Collaborative Expansion
\$500,000

Brief Summary and Statement of Need:

This project supports the Alaska Rural Utility Collaborative (ARUC) community retrofit needs. Since 2008 ARUC has been working to operate/manage community

water and sewer system. Benefits to communities include lower fuel and parts costs, improved water quality, steady employment of local water operators, reliable water service, and sustainable infrastructure.

In FY2014, \$1.75 million was appropriated to bring new communities into the collaborative: Scammon Bay, St. Mary's, Buckland, Noatak, and Kasigluk.

RN 38713
Arctic Power-Arctic Energy Issues
\$250,000

Brief Summary and Statement of Need:

This project will support education efforts to open the coastal plain of the Arctic National Wildlife Refuge for oil and gas exploration and development.

[9:48:04 AM](#)

Senator Hoffman acknowledged the project's popularity statewide, but he questioned its effectiveness. He further inquired prospects of the project and what the department had done in the last 2 years of funding in order to advance their goals.

Ms. Hanrahan replied that the legislative appropriation had been long-standing in working towards the opening of ANWAR to oil exploration. She stated that she would get back to the committee with additional updates on the progress of the project.

[9:48:59 AM](#)

Co-Chair Meyer shared Senator Hoffman's concern. He thought that it would be good to see what the state was getting for its money.

[9:49:20 AM](#)

Senator Olson understood that Arctic Power was becoming involved in Outer Continental Shelf (OCS) reallocation of resources.

[9:49:57 AM](#)

Co-Chair Meyer thought that if the project was branching off into OCS and different areas then the back-up should reflect change. Senator Olson did not think that the ANWR aspect was being eliminated, he thought that the idea of opening ANWR for drilling was not a favorable one on the federal level.

[9:50:12 AM](#)

Vice-Chair Fairclough commented that there had been a resolution passed in the U.S. House of Representatives in support of the opening of ANWR. She agreed that the project needed further review, but believed that it provided value.

[9:51:19 AM](#)

Ms. Mungle continued with the project requests:

RN 41959
Arctic Winter Games State Team Alaska-State
Participation Grant
\$485,000

Brief Summary and Statement of Need:

This project will provide funding for game related costs for the preparation of the 2016 Arctic Winter Games.

[9:51:55 AM](#)

Ms. Hanrahan turned to the next request:

RN 55062
Blood Bank of Alaska-Facilities and Services Expansion
Project
\$7,000,000

Brief Summary and Statement of Need:

This project provides funding for the construction of a new facility to consolidate separate facilities within Anchorage, meet market demands, and expand services. This new facility is scheduled to be a 56,000 square foot, two-story centralized facility, with an additional 4,000 square foot mechanical penthouse. It will consolidate the BBA's donor collection, blood processing, administrative workspace, mobile blood coach garages, and general

storage into a single facility. The Blood Bank of Alaska (BBA) is a strategic part of Alaska's emergency response infrastructure. BBA works actively with Alaska's emergency preparedness entities to ensure a safe blood supply is available in the event of a disaster.

[9:52:17 AM](#)

Co-Chair Meyer asked whether the funding was going to be the last contribution to the facility. He further inquired who else was helping on the project. Ms. Hanrahan responded that the department would get back to the committee with the information.

[9:53:02 AM](#)

Vice-Chair Fairclough stated that the request would not fully fund the projects. She spoke in support of the Blood Banks and highlighted that they were entering on to a capital campaign program to collect money toward a funding match. She thought that it would be incumbent upon the committee to inform the Blood Bank that this would be the last contribution to the project, should that was the will of the committee.

[9:53:34 AM](#)

Co-Chair Meyer understood that the hospitals benefitted from the project as well as other groups, but he opined that the state was the sole provider. Ms. Hanrahan replied that the blood bank was doing some private fund raising, but that she was unsure of the details.

[9:54:01 AM](#)

Ms. Mungle specified that the total project cost was \$51.5 million, \$29,760,000 of which had already been secured. She said that the bank had received state grants, raised \$610,000 in private funds, and the sale of their existing building and Blood Bank of Alaska cash was in the amount of \$3 million.

[9:54:30 AM](#)

Ms. Hanrahan continued with the capital requests:

RN 45874
Inter-Island Ferry Authority
\$500,000

Brief Summary and Statement of Need:

Inter-Island Ferry Authority (IFA) provides daily service between Ketchikan and Prince of Wales Island (POW). Passenger revenue and other funds are insufficient to cover their projected costs. This transport link is a vital service to Southeast Alaska. IFA is continuing to refine their operations plan to maximize profits, reduce expenses and minimize reliance on state funds.

[9:54:57 AM](#)

RN 48513
Marine Exchange of Alaska-Alaska Vessel Tracking
System Upgrades and Expansion
\$600,000

Brief Summary and Statement of Need:

This project will operate, maintain, upgrade and expand the vessel tracking system provided by the non-profit Marine Exchange of Alaska that substantially contributes to safe, secure, efficient and environmentally sound maritime operations. The vessel tracking system affects all of Alaska's coastal communities and is a valuable tool for state agencies and the United States Coast Guard.

In addition to state agencies (Departments of Transportation and Public Facilities, Commerce, Community and Economic Development, Fish and Game, Public Safety, and Environmental Conservation), the United States Coast Guard (USCG), coastal communities and mariners are using the system to aid safe, secure, efficient and environmentally sound maritime operations in the Arctic. The system has also been used to monitor Shell's exploration operations and validate compliance with environmental protection measures prescribed in permits. The information provided by the system is also used by the USCG and state to develop risk reduction measures for vessels transiting the Bering Strait and to monitor compliance with safety and environmental regulations

[9:57:25 AM](#)

RN 38948
National Petroleum Reserve-Alaska Impact Grant Program
\$2,800,000

Brief Summary and Statement of Need:

The National Petroleum Reserve - Alaska (NPR-A) program provides grants to communities for public facilities and services. Priority is given to those communities directly or severely impacted by the leases and development of oil and gas within the NPR-A. Funding comes from the federal government as a share of the funds received on leases issued within NPR-A.

[9:58:19 AM](#)

AT EASE

[10:00:51 AM](#)

RECONVENED

^FY 15 GOVERNOR'S BUDGET OVERVIEW: DEPARTMENT OF ADMINISTRATION

CURTIS THAYER, COMMISSIONER, DEPARTMENT OF ADMINISTRATION, began a PowerPoint presentation, "Alaska Department of Administration Department Overview." He spoke to Slide 2, "Capital Increments":

RN 58322
Enterprise Technology Services - Uninterrupted Power Supply Replacement for Juneau Data Center
\$1,200.0

Brief Summary and Statement of Need:

This project will replace an obsolete uninterrupted power supply (UPS) device and add automatic failover system to enterprise Juneau Data Center UPS complex.

RN 58240
Motor Vehicles - Replace Outdated Information Technology Infrastructures
\$900.0

Brief Summary and Statement of Need:

Replace old and out of warranty servers and storage devices, and increase the business continuity of the Division of Motor Vehicles (DMV) services.

RN 58168

Motor Vehicles - Real-Time Driving Records

\$350.0

Brief Summary and Statement of Need:

Department of Motor Vehicles (DMV) real time driving record system will change insurance companies' access to Alaskan drivers' records and will allow for insurance quotes to be given on the same day via real-time updates to driving records. This project also affords other authorized organizations real-time access to Alaska driving records.

[10:03:26 AM](#)

Commissioner Thayer turned to Slide 3, "Deferred Maintenance":

RN 49602 - This is one appropriation for a total of \$10,250.0 with 3 allocations:

- RN 54089
- General Services - Public Building Fund Buildings
- GF \$3,250.0
- PBF \$3,000.0
 - o Funding is provided to the Division of General Service's for Public Building Fund deferred maintenance
 - o Currently there are 12 Public Buildings in the fund

- RN 54799
- General Services - Non Public Building Fund
- GF \$1,000.0
 - o Funding is provided to the Division of General Service's for the Non-Public Building Fund deferred maintenance
 - o Currently there are 6 Non Public Buildings

Commissioner Thayer continued to Slide 4 "Public Building Fund", which detailed the public buildings maintained under the fund.

Commissioner Thayer discussed Slide 5 "Deferred Maintenance-Underground Parking." The slide depicted two images of the Atwood Parking Lot before and after improvements had been made for a leaking roof, deteriorating concrete, and waterproofing.

[10:05:18 AM](#)

Commissioner Thayer spoke to Slide 7 "Deferred Maintenance":

RN 54183

ETS - State of Alaska Telecommunications Deferred Maintenance System Year 5 of 5

GF \$3,000.0

- Funding is provided to Enterprise Technology Services for maintenance of the State of Alaska Telecommunications Systems

Maintenance included tower inspections, cable tensioning and installation of a microwave system in shelter.

Commissioner Thayer addressed Slide 8, "SATS Deferred Maintenance-Seldovia and Independent Ridge." He said that the crews often worked in extreme, cold weather; the request would increase fuel capacity and reduce refueling missions.

Commissioner Thayer turned to Slide 9, "SATS Deferred Maintenance-Cordova." He stated that the request would increase the guided cabling to the tower in order to withstand the weight of extreme ice.

Commissioner Thayer discussed Slide 10, "What We Use to Have." The slide illustrated the condition of State Office Building cubicle spaces in 1970 versus newly renovated space standards for the Division of General Services.

[10:07:15 AM](#)

Commissioner Thayer spoke to Slide 11, "New Universal Standards":

Why space standards?

- Save the state over \$125 million the next 20 years in reduced lease costs.
- Through WSCA contract the state saves significantly on systems furniture
- New space will be better for teamwork and collaboration among "neighborhoods"
- Better airflow with fewer walls
- Natural light for everyone with private offices toward core of building
- Shared printers, scanners and copiers reduce the cost of individual units
- Employees can move from one office to another and have the same working experience in any department or agency
- Clean desk policy addresses need for document privacy in agencies

[10:09:41 AM](#)

Commissioner Thayer addressed Slide 12, "LPPG Update":

Collocate high traffic customer service agencies into one location:

- Div. of Motor Vehicles (DMV)
- Permanent Fund Dividend (PFD)
- Child Support Services Division (CSSD)
- Provide shared customer waiting area for PFD and CSSD
- Ease of customers and clients parked in the LPPG to conduct business in LPPG
- Provide shared resource rooms for PFD and CSSD. Employee restrooms and café
- Reduce traffic and use of elevators in Atwood "office" spaces

[10:11:39 AM](#)

Commissioner Thayer turned to Slide 13, "Nome SOB Update." He shared that the funding for the project had been secured in FY14, project completion was anticipated for April 2015. He said that the hope was to increase the number of agencies the building housed from 6 to 8, in addition to a café, 2 conference rooms, and an ADA public restroom. He said that the project budget was \$11,623,145 and it was projected that contractors would be on time and on budget.

Commissioner Thayer addressed Slide 14, "Douglas Island Building Update." He shared that funding for the project

had been secured as of July 2013, the department was currently out on bid; construction was expected to begin in April 2014, completing in August 2015. He said that the hope was to increase the number of agencies housed in the building from 2 to 3, in addition to 2 café, 3 conference rooms and an option for negotiated increased parking. He stated that the project budget was \$18,200,000.

[10:13:48 AM](#)

Vice-Chair Fairclough asked whether the new lease parking had been calculated into the recovery rate for the renovations. Commissioner Thayer replied in the affirmative. He added that the price was nominal compared to working with a commercial lease. He shared that a lower operating cost was anticipated for the building.

[10:14:48 AM](#)

Commissioner Thayer discussed Slide 15, "Geologic Material Center." He relayed that an existing Sam's Club building would be renovated into the new GMC center. The project secured final funding in July of 2013 and the building was purchased in July 2013. Construction was expected to begin in February 2014, with the completion date of September 2014. The project budget was \$24,500,000 and was fully funded.

[10:17:31 AM](#)

^FY 15 GOVERNOR'S BUDGET OVERVIEW: DEPARTMENT OF NATURAL RESOURCES

[10:18:30 AM](#)

JEANMARIE DAVIS, DIRECTOR, DIVISION OF SUPPORT SERVICES, DEPARTMENT OF NATURAL RESOURCES, related that the total request for the department was \$28.2 million, \$15.8 million of which were General Funds; this was approximately 22 percent less than the department had in its current FY14 capital budget. She shared that the projects were developed to support core services and were focused on the responsible resource development, efficiencies in permitting, resource assessment, deferred maintenance, and providing safe access to state land.

[10:19:38 AM](#)

ED FOGELS, DEPUTY COMMISSIONER, DEPARTMENT OF NATURAL RESOURCES, spoke to the department's capital requests:

RN 38872

**Unified Permit Project and Document Management
\$3,300,000**

Brief Summary and Statement of Need:

The Unified Permit project is an interactive application system with three overall project goals: 1) Shorten and make consistent cycle times for land and water use authorization requests; 2) Guide applicants to the correct authorization requests; and 3) Build internal systems that directly support the Department of Natural Resources (DNR) productivity. This multi-year project is designed to support and streamline the permit process, raise productivity and set known response times for applicants. The system integrates mapping systems and documents to individual applicant's case files and project-related data.

[10:20:30 AM](#)

BOB SWENSON, DEPUTY COMMISSIONER, DEPARTMENT OF NATURAL RESOURCES, listed the following capital requests:

RN 58256

**Yukon River Crossing Fault Characterization
\$630,000**

Brief Summary and Statement of Need:

The Yukon River crossing is a critical point on the only land link along the Trans-Alaska Pipeline, Dalton Highway, proposed natural gas pipeline corridors, and to the oil and gas resources of Northern Alaska. Geologic conditions here are poorly understood and locally unstable. With 90 percent of state revenue crossing the bridge daily, state revenue, Alaska's economy, human safety, and the environment are at risk. This project will fund needed geological mapping and hazards assessment to understand threats to existing infrastructure and aid engineering of new projects.

Project Description/Justification:

What is the issue or problem to be solved?

Geologic conditions in the area of the Yukon River crossing are poorly understood and locally unstable, as demonstrated by the 2012 landslide near the South Bridge abutment. The area contains extensions of the Tintina and Kaltag faults, two recently active faults similar in scale to the Denali fault responsible for the 2002 magnitude 7.9 earthquake. These fault locations are not well mapped and their potential hazard to infrastructure is unknown.

[10:22:15 AM](#)

RN 51052
Strategic and Critical Minerals Project
\$375,000

Brief Summary and Statement of Need:

This project provides geologic and geophysical data required to assess Alaska's Strategic and Critical Minerals (SCM) potential. It will help the state address domestic need for these essential elements. Many areas of Alaska are geologically favorable for hosting SCMs, but the lack of basic geologic data deters mineral exploration in Alaska's SCM-rich areas. Obtaining pertinent geologic data will encourage mineral exploration, advance the state's knowledge of its mineral resources, promote informed state management decisions, and meets one of the division's mission goals.

RN 58307
Office Space Renovation in New Geologic Materials Center to Accommodate State Pipeline Coordinator's Office
\$2,165,000

Brief Summary and Statement of Need:

The Department of Administration (DOA) received capital appropriations to purchase and renovate an existing Sam's Club building (located at 3651 Penland Parkway, Anchorage) into the new state Geological Materials Center (GMC) facility. The new facility replaces the dilapidated and inadequate Eagle River facility currently used by the Department of Natural Resources (DNR). This appropriation provides funding to build out office space within the new GMC to relocate the State Pipeline Coordinator's Office

(SPCO) from a private lease to this state-owned facility. Rent generated by the SPCO will help offset operations and maintenance costs in the new facility, and generate a long-term cost savings.

What is the scope of work?

Renovation of the existing facility will provide 11,500 square feet for the SPCO, including the core office spaces needed for the employees at approximately 7,200 square feet per the new universal space standards, 1,800 square feet for secure case file storage requirements, 250 square feet of library space, and additional space for arctic gear and inventory storage, large format plotters and IT equipment, and a conference room.

DOA has calculated that moving the SPCO into the GMC is expected to generate a future net cost-savings after completion of the capital project of approximately \$900,000 over a 10-year period, and \$3,100,000 over a 20-year period.

RN 57971

**Lower Kenai Park Facility and Access Improvements-
Phase 1 of 2
\$1,000,000**

Brief Summary and Statement of Need:

This is phase one of a two-phased project to construct a new boat launch facility and restrooms on the Kenai River. Phase one will focus on the Eagle Rock boat launch and includes: site design and planning; construction of new restrooms; construction of a new boat launch; and preliminary improvements to parking areas.

[10:24:43 AM](#)

RN 58594

**King Cove Road-Izembek Right-of-Way and Permitting
\$100,000**

Brief Summary and Statement of Need:

This project provides for coordinating right-of-way and permitting to connect the community of King Cove to the all-weather airport in Cold Bay by road through

the Izembek National Wildlife Refuge Wilderness as directed in congressional and state legislation.

RN 58258

Forest Access Mapping, Inventory, and Reforestation Projects

\$900,000

Brief Summary and Statement of Need:

This project will enable the Division of Forestry to complete four related high priority projects. First, the purchase and installation of new bridges and culverts will support improved access to state forest units. Second, widespread areas of windstorm damaged timber in Interior Alaska will be mapped to promote its salvage. Third, a comprehensive interagency effort will install and monitor permanent forest inventory plots to provide managers with up-to-date growth and yield trends to help meet woody biomass demand. And fourth, the planting of 500 acres of white spruce seedlings will eliminate the reforestation backlog in the Fairbanks area.

[10:27:02 AM](#)

RN 6854

National recreation Trails Federal Grant Program

\$1,700,000

Brief Summary and Statement of Need:

Alaskans rely on trails for recreation, subsistence and transportation. These trails need maintenance to ensure safe passage and that they remain open and available for use. Funds are distributed as 80/20 matching reimbursable grants for trail and trailhead development and maintenance, and for education programs relating to trail safety and responsible trail use. Grants are awarded to organizations, agencies and local governments. The end result is a variety of trails that are safe, high-quality, have year-round access, and include motorized, non-motorized, and diversified trails.

RN 6865

National Historic Preservation Fund

\$800,000

Brief Summary and Statement of Need:

The National Historic Preservation Fund (NHPF) is a federal program to assist states with their statewide historic preservation programs. Also included in this capital project are cooperative historic preservation projects executed through cooperative or assistance agreements or grants with federal agencies. The NHPF funds grants to local governments, agencies, organizations and individuals for restoration or stabilization of historic properties, and grants for survey, inventory, education, planning and training projects. Cooperative historic preservation projects with federal agencies assist meeting mutual cultural resource management goals.

RN 56460

**Knik River Public Use Area Target Shooting Facility
Design and Construction Phase 2
\$200,000**

Brief Summary and Statement of Need:

The department will create a safe, accessible target shooting area consistent with land use management plan recommendations made after a lengthy public process. The department will design and construct a minimal facility reflecting a high degree of safety for range users and users of surrounding lands.

[10:28:31 AM](#)

RN 51197

**Public Access and User Facilities Improvements at the
Mouth of the Kasilof River Phase 2
\$1,400,000**

Brief Summary and Statement of Need:

This project addresses urgent problems needing immediate attention where the Kasilof River flows into the Cook Inlet. Unstructured access and parking, camping, and a lack of solid and human waste facilities have resulted in serious environmental, social, and natural resource impacts. Additionally, public safety, emergency, and law enforcement services are hindered. The impacts being addressed result from the highly popular personal use fisheries. The number of Alaskans participating in this unique program

continues to grow annually resulting in ever increasing impacts to the area's natural resources.

RN 58598

**Seward Peninsula/Port Clarence Project Development
\$500,000**

Brief Summary and Statement of Need:

The Alaska Department of Natural Resources will work with the federal government to advance land transfer from the United States Coast Guard (USCG). Funding will be used to work cooperatively with the neighboring land owner, Bering Straits Native Corporation, and possibly other interested stakeholders on the land transfer for infrastructure development.

RN 57282

**South Denali Visitor Center Phase 2
\$1,235,000**

Brief Summary and Statement of Need:

The South Denali Visitor Center will provide a year-round destination on Curry Ridge in Denali State Park at milepost 135 of the Parks Highway. The full build out for the project includes a 15,000 to 16,000 square foot visitor center, a shuttle station, campground, trails, interpretive media, and parking/trailhead. This phase will design and construct a network of trails at the visitor center and day-use areas to manage visitor foot traffic and prevent adverse impacts to the natural surroundings.

[10:30:49 AM](#)

RN 6855

**Abandoned Mine Lands Reclamation Federal Program
\$3,200,000**

Brief Summary and Statement of Need:

The Legislature enacted the Alaska Surface Coal Mining Control and Reclamation Act in 1983 (AS 27.21). The main purpose of the act was to promote the reclamation of areas mined before enactment of the federal Surface Mining Control and Reclamation Act of 1977. Conditions on some of these mined areas could endanger public health and safety, have environmental implications,

and prevent the beneficial use of or cause damage to land and water resources. All funding for this program comes from federal grants; no general funds are required. This program will employ up to 75 Alaskans in private sector construction jobs.

RN 37762

**Cooperative Water Resource Program Pass-through to USGS for Stream Gaging Projects
\$2,500,000**

Brief Summary and Statement of Need:

This project permits the Department of Natural Resources to accept funds from both the private sector and local governments and to pass these funds through to the U.S. Geological Survey and U.S. Natural Resources Conservation Service as part of funding agreements for cooperative water resource programs. The funding agreements provide overhead to cover the administrative costs associated with the pass-through process. The data gathered in these projects are useful for reviewing water resources related to mining activities, dam safety and construction, hydroelectric power generation, and in-stream reservation of water applications.

Co-Chair Meyer interjected that time for the meeting was running short, he hoped that questions from committee members could be communicated and followed up directly with the department.

RN 33690

**Snowmobile Trail Development Program and Grants
\$250,000**

Brief Summary and Statement of Need:

Snowmobiling is one of Alaska's fastest growing outdoor activities and a very important transportation resource for rural communities. There is a growing demand to develop and maintain trails and trailheads to provide for safe riding opportunities and transportation routes, and to educate riders about safe riding practices. Funds for this program are provided by snowmobile registration fees paid by Alaskans. Funds are distributed in the form of matching grants for trail development and maintenance,

trail marking and signing, safety education, and to establish legal trail easements.

[10:32:52 AM](#)

RN 39042
National Coastal Wetland Grant
\$1,000,000

Brief Summary and Statement of Need:

This project will allow the purchase of 2,585 acres of coastal wetlands on the northern coast of Afognak Island. The Coastal Wetlands program focuses on coastal wetlands ecosystems including both wetlands and upland buffers. Wetlands provide essential fish and wildlife habitat, which in Alaska support many commercial and recreational human uses, particularly in and near communities, parks, and refuges. Wetlands provide substantial contributions to water quality, flood and storm water control, as well as providing habitat for fish and wildlife. This program provides federal funding to the state for the long-term protection of wetlands, which is matched with private sector donations.

RN 37769
Federal and Local Governmental Funded Forest Resoruce.
\$1,800,000

Brief Summary and Statement of Need:

This project allows for one-time federal and local government funded projects. These projects include competitive grant awards for hazardous fuels reduction, Firewise and prevention education, special forest disease surveys, forest restoration projects, biomass inventories, targeted community forestry, forest stewardship plans, and agreements for one-time local government funded field projects, including fuel mitigation. This project meets the mission of continued protection, development and management of the state's natural resources by enlisting cooperation at the local level throughout Alaska.

Co-Chair Meyer understood that the rest of the requests dealt with deferred maintenance. Mr. Fogels replied in the affirmative.

10:33:43 AM

Vice-Chair Fairclough queried the personnel costs related to the first request: RN 38872. Ms. Davis that the costs were for existing long-term, non-permanent employees.

10:34:38 AM

Vice-Chair Fairclough asked whether long-term, non-permanent employees drew retirement and health benefits. Ms. Davis responded that they did not draw retirement benefits, but did receive health benefits.

10:35:04 AM

Co-Chair Meyer discussed housekeeping.

10:35:16 AM

SB 119 was HEARD and HELD in committee for further consideration.

10:35:16 AM

#

ADJOURNMENT

The meeting was adjourned at 10:35 a.m.