

SENATE FINANCE COMMITTEE  
March 25, 2014  
9:06 a.m.

9:06:08 AM

CALL TO ORDER

Co-Chair Meyer called the Senate Finance Committee meeting to order at 9:06 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

Senator Fred Dyson; Nicki Neal, Director, Division of Personnel and Labor Relations, Department of Administration; Kate Sheehan, Deputy Director, Division of Labor Relations, Department of Administration; Tom Brice, Alaska Laborers, Juneau; Ron Arvin, Member, Mat-Su Borough Assembly, Juneau; Paul Fuhs, Project Manager, Fairview Business Association, Juneau; Roger Purcell, President, Houston Chamber of Commerce, Juneau; Paul Grossi, Ironworkers of Alaska, Juneau

PRESENT VIA TELECONFERENCE

Larry DeVilbiss, Mayor, Mat-Su Borough, Mat-Su; Dan Sullivan, Mayor, City of Anchorage, Anchorage; Berkley Tilton, Former President and Current Board Member, Knik Fairview Community Council, Self, Wasilla; Aves Thompson, Executive Director, Alaska Trucking Association, Grapevine Texas; Don Dyer, Director, Economic Development, Mat-Su Borough; Michael Droege, Former President, Alaska

Association of Realtors, Anchorage; James Kenworthy, Self, Anchorage; Stephanie Kesler, Self, Anchorage; Bob French, Self, Anchorage; Lois Epstein, Self, Anchorage; Scott Goldsmith, Self, Anchorage; Verne Rupright, Mayor, City of Wasilla

SUMMARY

SB 182 PUBLIC EMPLOYEE SALARY DIFFERENTIALS

CSSB 183(FIN) was REPORTED out of committee with a "No Rec" recommendation and with a new indeterminate fiscal note from the Department of Transportation and Public Facilities.

2d CSHB 23(RLS)  
KNIK ARM CROSSING; AHFC

2d CSHB 23(RLS) was HEARD and HELD in committee for further consideration.

CSHB 266(FIN)  
APPROP: OPERATING BUDGET/LOANS/FUNDS

CSHB 266(FIN) was SCHEDULED but not HEARD.

CSHB 267(FIN)  
APPROP: MENTAL HEALTH BUDGET

CSHB 267(FIN) was SCHEDULED but not HEARD.

#sb182  
SENATE BILL NO. 182

"An Act relating to salary differences in collective bargaining agreements subject to the Public Employment Relations Act that are based on a difference in the cost of living outside the state and the cost of living in the state; and providing for an effective date."

9:07:52 AM

SENATOR FRED DYSON, noted that the Department of Administration had created a spreadsheet, "Top Three Earners - Marine Units", which charted the incomes of the top three earners in the three bargaining units. He stated that a point of contention in the bargaining units was that

employees with seniority got to choose routes and had first choice of overtime hours. He said that the most senior employees did well financially and workers lower in the ranks were not offered a fair chance for overtime. He felt that this could restrict a new employee's opportunities for professional growth.

[9:10:21 AM](#)

Senator Olson asked why the bill had not been initially presented as a fix for outdated statutes.

Senator Dyson replied that he could only speculate, but thought that the leadership at the time had not wanted to address a tough issue and anger the unions.

[9:11:07 AM](#)

Vice-Chair Fairclough shared that the administration had issued a response to her question from the previous hearing of the bill (copy on file). She wondered what the term "A-days" meant.

NICKI NEAL, DIRECTOR, DIVISION OF PERSONNEL AND LABOR RELATIONS, DEPARTMENT OF ADMINISTRATION, replied that A-days were typically accrued in the southwest system; an employee accrued a day of leave for every day that they worked. She said that when the employee was not at work they turned in leave so that they had the ability to work 365 days a year.

[9:12:32 AM](#)

KATE SHEEHAN, DEPUTY DIRECTOR, DIVISION OF LABOR RELATIONS, DEPARTMENT OF ADMINISTRATION, explained that for the A-days days, with the one crew system, employees worked 3 to 6 months with no break. A day of leave was accrued for each day worked.

[9:12:53 AM](#)

Vice-Chair Fairclough inquired whether the route of the vessel interfered with regularly changing crews.

Ms. Sheehan replied in the affirmative. She said that the routes were longer; crossing the Gulf of Alaska.

[9:13:12 AM](#)

Vice-Chair Fairclough asked whether employees accumulated overtime on those long routes, in addition to the day of leave.

Ms. Sheehan replied that it would depend; employees worked 8 hour days and could potentially accrue overtime, in addition to the A-days.

[9:13:41 AM](#)

Vice-Chair Fairclough inquired whether the standard was 8 hours with the stipulation of 40 hours per week.

Ms. Sheehan replied that there was daily overtime; if an employee worked in addition to 8 hours in one day, they would receive overtime for that day.

[9:14:14 AM](#)

Vice-Chair Fairclough understood that employees were accumulating sick leave and annual leave on top of the earned day of leave.

Ms. Sheehan responded that it would depend on which union the employee belonged to. She explained that the Marine Engineers' Beneficial Association (MEBA) gave A-days or personal leave but did not offer annual or sick leave. The Inland Boatmen's Union (IBU) offered a choice between annual leave, sick leave, or A-days. She furthered that Masters, Mates and Pilots (MMP) did not accrue A-days, instead they received a lump-sum payment in lieu of a rate.

[9:14:50 AM](#)

Vice-Chair Fairclough understood that the accrual rate worked as such:

1 year = 2 - 4 weeks of leave (depending on your union)  
2 years = 4 - 6 weeks of leave  
3 years = 4 - 8 weeks of leave  
4 years = 8 - 9 weeks of leave

She surmised that the cap was at 8 - 9 weeks. She queried whether employees received annual or sick leave.

Ms. Sheehan responded that if an employee accrued annual leave then they also accrued sick leave on days that were not A-days.

[9:15:52 AM](#)

Co-Chair Meyer wondered how the current negotiations with the union were going.

Ms. Sheehan replied that the administration was going into negotiations today with MMP; unfortunately an agreement had not been made by the 60th day, which was Friday, March 21, 2014. She said that negotiations were ongoing and that some progress had been made, but some significant issues were still contentious.

[9:16:51 AM](#)

Co-Chair Meyer expressed frustration that the legislature should not be involved in the collective bargaining process. He would leave the bill's passage up to the will of the committee, but maintained that the legislature should not be involved in union negotiations.

[9:18:03 AM](#)

Senator Dyson responded that the bill spoke to one component that was in statute and was therefore not bargain-able. He felt that the current administration had proposed the legislation due to the impending financial situation as a way to rein in spending. He stressed that there was a desire to drive down the mandatory personnel costs. He stated that the budget for personnel costs in the Alaska Marine Highway System was alarming. He believed that the bill was before the committee because it was the work of the legislative finance committees to oversee cost containment.

[9:20:06 AM](#)

Senator Dunleavy requested clarification that the bill would take the issue out of statute but would not prevent it from being negotiated back in sometime in the future.

Senator Dyson responded in the affirmative.

Senator Dunleavy understood that if the system found itself struggling to find qualified workers to fill positions in the future then incentives would be built into the agreements of future negotiations.

Senator Dyson responded that it was possible. He noted that there was an internal problem of employees lower in seniority not being able to get the time it took to qualify for the next license, which would open entry level positions.

[9:21:29 AM](#)

Senator Dunleavy thought removing the statute would not impact the negotiations process because it did not create a cap on salaries or benefits.

[9:22:07 AM](#)

Senator Hoffman wondered whether the immediate effective date could extend to a later date.

Senator Dyson responded that the hard date was meant to be motivational.

[9:23:15 AM](#)

Senator Hoffman agreed that the legislature should not be introducing legislation that would affect or impact negotiations. He asserted that it was not the committee's place to interject legislation that would color the negotiations of the bargaining unit.

Co-Chair Meyer noted that the effective date would coincide with the fiscal years.

[9:23:52 AM](#)

Senator Hoffman rebutted that it could take effect during a fiscal year further in the future.

Senator Dunleavy clarified that the bill would not prevent future negotiations and believed that the effective date should remain as written.

[9:24:32 AM](#)

Senator Dyson said that the bargaining unit had substantial leverage.

Co-Chair Meyer was not convinced that the effective date needed to be changed.

Senator Dyson thought that the administration believed that it was important that the legislation be implemented as soon as possible. He felt that the administration had been generous to grandfather in the existing employees. He said that if moving the effective date was what it was going to take for the bill to pass then so be it.

[9:26:45 AM](#)

AT EASE

[9:26:54 AM](#)

RECONVENED

Vice-Chair Fairclough MOVED to REPORT CSSB 182(FIN) out of committee with individual recommendations and the accompanying fiscal notes. There being NO OBJECTION, it was so ordered.

CSSB 182(FIN) was REPORTED out of committee with no recommendation and with a new indeterminate fiscal note from the Department of Transportation and Public Facilities.

[9:27:15 AM](#)

AT EASE

[9:30:19 AM](#)

RECONVENED

#hb23

2d CS FOR HOUSE BILL NO. 23(RLS)

"An Act creating the Knik Crossing Development Corporation as a subsidiary corporation of the Alaska Housing Finance Corporation and relating to bonds of the Knik Crossing Development Corporation."

[9:31:11 AM](#)

TOM BRICE, ALASKA LABORERS, JUNEAU, testified in support of HB 23. He stated that environmental regulations were

becoming stricter and construction costs were on the rise. He said that beginning the project soon would save the state money and allow for more land to be developed on the other side of the Knik Arm in Anchorage.

[9:32:35 AM](#)

Senator Olson asked whether Mr. Brice would have had the same support for the project when he was a legislator in the 1990's.

Mr. Brice replied that in the fiscal issues that the legislature faced when he was a member outweighed those faced by the current legislature. He said that during his time as a legislature he was an aggressive proponent for the Lynn Canal Highway. He stressed that transportation was vital for Alaska's economic development and growth.

[9:35:16 AM](#)

LARRY DEVILBISS, MAYOR, MAT-SU BOROUGH, MAT-SU (via teleconference), spoke in support of the HB 23. He felt that the financial environment was not going to improve in the near future, but that the regional and statewide economic development should not be ignored. He related that the project had been presented to the Conference of Mayors in 2012. He shared that the mayors in attendance unanimously agreed that the project should go forward, which was a rare occurrence. He stressed that the project would not benefit only the Mat-Su Borough and Anchorage. He said that the project was supported by the trucking industry. He warned that the state would be investing as much or more money into widening or upgrading the Glenn Highway if the state did not go through with the project. He viewed the bridge as a "three legged stool" along with the railroad and the port. He relayed that the right-of-way was 99 percent complete and that the borough was ready to further the project.

[9:40:16 AM](#)

DAN SULLIVAN, MAYOR, CITY OF ANCHORAGE, ANCHORAGE (via teleconference), spoke in support of HB 23. He stressed that the project was necessary to connect the two most populated areas in Alaska. He said that the bridge would allow for a more efficient and easy commute to the valley. He worried what might occur should something happen to the

existing infrastructure, leaving people stranded; public safety concerns should be considered. He highlighted the positive possibilities that could occur should the project move forward. He believed that access to the land north of Anchorage via the bridge would bring tremendous economic and social growth to the region. He relayed that the bridge had been on the drawing board for over 50 years and that at some point in time the decision needed to be made to build it.

[9:44:25 AM](#)

BERKLEY TILTON, FORMER PRESIDENT AND CURRENT BOARD MEMBER, KNIK FAIRVIEW COMMUNITY COUNCIL, SELF, WASILLA (via teleconference), spoke in support of HB 23. He shared that according to the last census, if it were incorporated, the Kink-Fairview community would be the fourth largest city in Alaska. He asserted that a large population of people would use the bridge. He believed that Department of Transportation and Public Facilities had enough money in its budget to be able to allocate funds for the project without impacting other projects needed throughout the state.

[9:47:37 AM](#)

AVES THOMPSON, EXECUTIVE DIRECTOR, ALASKA TRUCKING ASSOCIATION, GRAPEVINE TEXAS (via teleconference), spoke in support of HB 23. He believed that the alternative route would provide important corridor to enable increasing volumes of freight to be moved safely and efficiently into and out of the Port of Anchorage. He understood that the trucking industry would not realize all of the benefits of the project until all of the connector routes were finished. He firmly believed that the project was essential for expanding the association's capability to deliver freight.

[9:49:09 AM](#)

DON DYER, DIRECTOR, ECONOMIC DEVELOPMENT, MAT-SU BOROUGH (via teleconference), testified in support of HB 23. He related that there were four key projects that would synergize in the Port MacKenzie area; the Knik Arm Bridge, Port MacKenzie, the Port MacKenzie Rail Extension, and the As Soon As Possible Pipeline Project. He said that there were eight other enterprises that were currently working in

the area and that the sum of all the activity created an opportunity for the state. He felt that the main advantage for Anchorage and the Mat-Su would be the fluid transportation corridor that would be created by the bridge. He stated that there were 20,000 commuters traveling from Mat-Su to Anchorage, and back, daily. He said that the bridge would ease traffic congestion and increase safety. He noted that the state should purchase any necessary materials from overseas soon, to protect against currency fluctuation.

[9:52:51 AM](#)

Senator Olson asked whether studies had been done in order to determine the number of crossings.

Mr. Dyer replied that there had been several studies done by KABATA and by the borough's planning department. He could not speak to the actual number of crossings.

[9:54:16 AM](#)

Senator Olson examined a report that showed that KABATA's numbers were 14,337 crossings, while the Mat-Su Borough plan showed only 4,515. He wondered whether the numbers could be rectified.

Mr. Dyer replied that he would need to see KABATA's most current numbers from summer 2013. He added that the numbers from a report conducted several years ago had been based on old assumptions and were inaccurate.

[9:55:28 AM](#)

MICHAEL DROEGE, FORMER PRESIDENT, ALASKA ASSOCIATION OF REALTORS, ANCHORAGE (via teleconference), spoke in favor of HB 23. He stated that there had not been a significant infrastructure project, in terms of roads, built since 1970. He opined that affordable housing in the Anchorage market was a problem for both homeowners and renters because of the lack of affordable, available land. He calculated that there were approximately 300 available, affordable building sites between Anchorage and Chuigiak. He believed that the issue was one of public safety; the bridge would take significant traffic off of the Parks Highway. He stated that supporting this project spoke to the charge of the association to protect private property

rights and promote affordable home ownership. He strongly believed that tolls on the bridge would service the state's debt.

[10:00:17 AM](#)

JAMES KENWORTHY, SELF, ANCHORAGE (via teleconference), expressed concerns regarding Section 37.15.255, subsection (g). He felt that the issuance of the bond was dependent on the toll revenue and that the language represented a standard moral obligation of the state. He asserted that with a shortfall of toll revenue KABATA would either default on its obligation or the legislature would need a guarantee each year that the bond payments would be replenished. He noted that the federal TIFIA loan had been denied six times in the past. He guided the committee thorough how the project would fail under the current financial assumptions based on toll revenues. He asserted that the latest KABATA crossing numbers were unreliable and inflated. He spoke to the most recent KABATA cost projections of \$1.6 billion, which included the cost of Phase 2. He asserted that the one page summary of the project provided to the committee by KABATA, included the revenue from four lanes of traffic, but only the cost of a two lane bridge. He hoped that the committee would further investigate the revenue expected to be generated by tolls.

Co-Chair Meyer noted that Mr. Kenworthy could send his written testimony to the committee (copy on file).

[10:07:37 AM](#)

STEPHANIE KESLER, SELF, ANCHORAGE (via teleconference), expressed concerns regarding HB 23. She said that the \$1 billion project required cash flow analysis; timelines for bond payments, toll revenues and TIFIA payments. She did not believe that the legislature could make an informed decision without this information. She asked where new demographic numbers were, and why they had not yet been released. She questioned the credibility of a project that had been publicly stated to cost \$900 million and privately admitted to costing \$1.6 billion. She stated that KABATA had been turned down six times for TIFIA loans, and that it was unrealistic to expect that the project would be issued federal funds. She believed that the project was a gross misuse of state funds. She asserted that the state could

only afford one large project and that the gasline should be the priority.

[10:10:26 AM](#)

BOB FRENCH, SELF, ANCHORAGE (via teleconference), spoke against HB 23. He expressed concern with the financial details surrounding the project. He pointed out to the committee that the packets before members did not include a fiscal note to estimate the potential cost to the state. He probed what would happen if the bridge tolls were not enough to pay off the TIFIA loan. He worried that the state's credit rating would be in jeopardy. He relayed many reasons the project was not economically viable for the state. [Secretary Note: Mr. French's full 7 page testimony can be found on BASIS under the HB23 documents tab.]

[10:14:27 AM](#)

Co-Chair Meyer noted that the committee would not make a decision to move the legislation out of committee until it had reviewed all of the pertinent fiscal information.

[10:14:58 AM](#)

LOIS EPSTEIN, SELF, ANCHORAGE (via teleconference), expressed concerns regarding HB 23. She shared that on April 6, 2013 the Legislative Budget and Audit (LB&A) issued its report on KABATA with the following recommendations:

"KABATA management should revise traffic and toll revenue projections to address deficiencies."

"Overstated traffic volume in KABATA's traffic modeling process had the effect of overstating projected toll revenues."

Ms. Epstein expressed concern that the committee would move forward without updated projections. She asserted the committee would be ignoring the recommendations of the LB&A audit if it were to move the legislation without first reviewing updated projections. She explained that the federal transportation law would expire on October 1, 2014, and the new law may dramatically reduce federal funding to states. She said that the TIFIA loan money may increase, but represented a small amount of federal transportation

funds. She did not think that the project would be a priority on the federal level. She added that since the pipeline for transportation projects was continually replenished as infrastructure aged, traffic increased or design criteria changed, some projects would have to be cancelled to fund the Knik Arm Bridge. She felt that the secret that the legislature knew, but was unwilling to admit, was that Alaska spent millions on roads, bridges and energy development studies without the financial resources to complete any projects. She said she would be sending a copy of the study, "Easy to Start, Impossible to Finish: 3", to each member's office. She said that the bottom line was that the state had in hand only eight percent of the approximately \$17 billion needed to complete ten, currently planned, transportation and energy projects.

10:18:39 AM

SCOTT GOLDSMITH, SELF, ANCHORAGE (via teleconference), read from prepared testimony (copy on file).:

My name Scott Goldsmith and I am a Professor Emeritus of Economics. I worked for 37 years at the Institute of Social and Economic Research at the University of Alaska Anchorage.

I am testifying today as an individual.

My concern is with state fiscal health.

This year we have a \$2 billion shortfall in the general fund and we are currently drawing down our cash reserves at the rate of about \$7 million per day. We don't yet seem to realize the path we are on and where it is taking us.

As a retiree, I am concerned that unless we get our fiscal house in order I will soon lose my dividend and be forced to start paying income and sales taxes. I am concerned that a fiscal crash will lead to an economic crash that will cut the value of my house in half. I am concerned that my children may be unable to find jobs in Alaska and be forced to leave the state.

And the more I learn about the cost, financing, and so-called benefits of this project the more concerned I become.

Now is not the time to take on new obligations that require the state to write blank checks.

There is one blank check of up to \$450 million if bridge tolls fail to repay \$300 million in new state debt.

A second blank check of unknown amount would be to repay the TIFIA loan if bridge tolls fail to cover that obligation.

A third blank check of unknown amount would be to cover the cost of connector road upgrades to access the bridge on both ends.

A fourth blank check of unknown amount would be to cover the cost of potential cost overruns on bridge construction.

A fifth blank check of unknown amount would be to cover the cost of bridge expansion from 2 to 4 lanes.

A sixth check would be to pay for the highway projects we won't be able to fund because of the diversion of federal highway funds to this project.

And finally a seventh blank check would be just to keep this project on life support-- even if it eventually expires.

How can we evaluate the so-called benefits of this project unless we know the potential ultimate cost? Project proponents tell us not to worry and assure us that the project actually will be generating enough tolls to pay for other road projects around the state. But no bank would write a check based on assurances without analysis. And it would be irresponsible for the state to do so, particularly as we face a future of growing deficits.

Unfortunately we have no credible project analysis against which to measure the toll projections of project advocates or to evaluate the financing proposal.

Last year at this time an audit requested by the legislature concluded, and I quote,

"The audit concludes that KAC toll and revenue projections are unreasonably optimistic, and the projected cash flow to the State are likely overstated as a result. These are important considerations for policymakers since the P3 compensation arrangement requires KABATA to make payments to the private partner regardless of the projects ability to generate toll revenues. The deficiencies in KABATA methodology for generating toll and revenue projections are addressed in Recommendation No 1."

Recommendation No 1 said--KABATA management should revise traffic and toll revenue projections to address deficiencies.

Subsequent to publication of that audit KABATA hired a consulting firm to conduct an independent peer review and update socioeconomic data used in the Knik Arm Crossing Traffic and Toll Revenue projections.

In the press release announcing the study KABATA stated "It is important to periodically update this information as time passes and new facts become known."

Time has passed. The final report of that peer review was due September 20, 2013, but 6 months later it has still not surfaced. The Alaska partner in the preparation of that report--Agnew Beck--is a well-known and respected planning firm. They would not be six months late on a three month contract. We can only speculate as to why we don't have that study in front of us today.

The bottom line is that there is no new information today to address and evaluate the concerns raised by the legislative audit a year ago.

Why are we even here today trying to make policy based on a foundation of known discredited information?

Thank you.

[10:23:09 AM](#)

Senator Hoffman requested that the Mr. Goldsmith submit his written testimony to the committee.

[10:23:25 AM](#)

Senator Olson wondered if Mr. Goldsmith could provide more accurate project numbers.

Mr. Goldsmith replied that he had not conducted any analysis over the last several years. His concern stemmed from the absence of any response to the audit and the wide range of assertions as to the expected use of the bridge.

[10:24:21 AM](#)

Co-Chair Meyer thought that seven points highlighted by Mr. Goldsmith should be discussed in further detail by the committee.

[10:24:41 AM](#)

RON ARVIN, MEMBER, MAT-SU BOROUGH ASSEMBLY, JUNEAU, spoke in favor of HB 23. He spoke to whether the Mat-Su was ready for the potential connectivity. He stressed that the project had been thoroughly vetted by the assembly. He said that the borough had created the Knik Town Site and presented two collector and arterial road bond packages to the public, which passed. He shared that the borough had an 8500 acre port district and the port master plan had been redone. He relayed that there was overwhelming support for the project in his community. He stressed that the Mat-Su Borough was ready for the bridge to be built. He spoke to the safety issues for people commuting between the Mat-Su Valley and Anchorage. He opined that simple traffic stops on the highway disturbed thousands of people for miles on end.

[10:29:12 AM](#)

Co-Chair Meyer added that the Glenn Highway needed maintenance as well. He agreed with the points that the testifier raised.

[10:30:00 AM](#)

Senator Bishop understood that the borough was considering a Burma Road connector.

Mr. Arvin replied in the negative. He clarified that from Point MacKenzie road to connectivity to the Parks Highway, along the same alignment as the railroad, Burma through Big Lake would ultimately be connected for traffic into the Interior.

[10:31:18 AM](#)

Senator Olson requested Mr. Arvin's credentials.

[10:31:44 AM](#)

Mr. Arvin replied that he had been on the Mat-Su Borough/Point MacKenzie Port Commission and the Mat-Su Borough Transportation Advisory Board.

Senator Olson asked if he had been involved in the Goose Creek Prison project.

Mr. Arvin replied no.

[10:32:06 AM](#)

Senator Olson thought that a simple traffic stop on a two lane bridge would stop traffic for thousands of people for miles on end, as well.

Mr. Arvin rebutted that if there was traffic using two arterials, rather than one, the Glenn Highway would not be overburdened with the traffic because the traffic would be rerouted over the bridge.

[10:33:09 AM](#)

Senator Olson contended that it would be more difficult to clean up an accident on a two lane bridge than on the Glenn Highway.

Mr. Arvin replied that the question did not speak to his expertise.

[10:33:29 AM](#)

Senator Olson said that as a helicopter pilot that flew search and rescue on the North Slope, he found it easier to land on a road and not a bridge. He felt that in the event

of an earthquake, the Glenn Highway would be a safer place to be than on a bridge.

Mr. Arvin responded that there was a lot of speculation surrounding natural disasters. He believed that the project was on the right track with the current design standards.

[10:35:00 AM](#)

VERNE RUPRIGHT, MAYOR, CITY OF WASILLA (via teleconference), spoke in support of HB 23. He noted that in 2009 Wasilla and Huston had brought an injunctive relief in order to keep the project alive. He stated that the bridge was a strategic avenue for economics and commerce, but also for defense of the state. He offered an anecdotal story involving his father. He believed that the bridge would inevitably be built.

[10:39:19 AM](#)

PAUL FUHS, PROJECT MANAGER, FAIRVIEW BUSINESS ASSOCIATION, JUNEAU, expressed concerns regarding HB 23. He offered some ideas about how the project could interface with Gamble Street. He opined that each time the association had approached KABATA they had been rebuffed and told that the environmental impact statement ended at Third Avenue. He stressed that KABATA needed to work with the communities in the area that the project was going to go through in order for the benefit of all involved parties.

[10:40:41 AM](#)

Senator Olson inquired of the issues that the business community had been encountering aside from the KABATA project.

Mr. Fuhs replied that businesses had been looking at redevelopment of the entire area, tax abatement issues with the community, and chronic inebriates. He said that transportation was a key factor in improving any area.

[10:41:15 AM](#)

Senator Olson wondered why the association had been rebuffed by KABATA personnel.

Mr. Fuhs replied that he did not know. He felt that there had been communication and planning on the Mat-Su side, but that planning on the Anchorage side did not appear to be a priority for the authority.

[10:41:39 AM](#)

Senator Olson shared that he had heard similar complaints from people living on Government Hill in Anchorage. He said that KABATA had bullied people by threatening to take over land.

[10:42:16 AM](#)

ROGER PURCELL, PRESIDENT, HOUSTON CHAMBER OF COMMERCE, JUNEAU, spoke in support of HB 23. He said that he had worked to keep the project alive over the years. He shared that the first comprehensive plan for the bridge had been drafted in 1972. He discussed the benefits that the bridge would bring to his community. He relayed that the City of Houston had companies from the Lower 48 that were ready to come up and build factories and employ locals. He asserted that the project would open up thousands of jobs. He said that his community was the fastest growing population in the state; over 60,000 people. He pointed out to the committee that the new prison was driving prisoners 95 miles to courtrooms in Anchorage, and back again, daily. He said that it would be a 20 minute drive from the prison to the courthouse once the bridge was complete. He opined the money wasted in the past for studies on the bridge. He asserted that the bridge would be the greatest economic engine since the Trans-Alaska Pipeline System (TAPS).

[10:46:41 AM](#)

PAUL GROSSI, IRONWORKERS OF ALASKA, JUNEAU, spoke in support of HB 23. He believed that there would be development on the north side of Knik Arm that would lead to private sector investment, which would lead to more jobs for Alaskans. He relayed a story of fiasco that occurred on the Glenn Highway that had caused an upset in traffic. He expressed concern about safety on the Glenn Highway.

[10:50:02 AM](#)

Senator Hoffman understood that the project might bring jobs to the state, but he wondered if the financial risk

that the state would be taking should be taken into further consideration.

Mr. Grossi replied yes. He understood that the project could take money away from other necessary capital projects. He believed that the project was creative in the sense that it provided alternative ways of funding. He found it hard to believe that there would not be at least 10,000 cars crossing the bridge per day.

[10:52:56 AM](#)

Senator Olson wondered if people would chose to drive a route that charges a toll rather than drive on the free road.

[10:53:45 AM](#)

Co-Chair Meyer noted that people who used the bridge and highway would figure out the economics of gas expense versus using the bridge and paying a toll.

[10:54:08 AM](#)

Co-Chair Meyer CLOSED public testimony.

Co-Chair Meyer appreciated the public testimony. He said that the committee would address many of the public concerns during future discussions of the legislation. He relayed that it would be convenient if the two fastest growing communities in the state were connected, but there was concern about the project's financing.

[10:54:57 AM](#)

HB 23 was HEARD and HELD in committee for further consideration.

[10:55:11 AM](#)

Co-Chair Kelly said that Operating Budget amendments would be discussed at a later date.

CSHB 266(FIN) was SCHEDULED but not HEARD.

CSHB 267(FIN) was SCHEDULED but not HEARD.

10:56:04 AM

Co-Chair Meyer discussed housekeeping.

#

ADJOURNMENT

10:56:33 AM

The meeting was adjourned at 10:56 a.m.