

ALASKA STATE LEGISLATURE
HOUSE SPECIAL COMMITTEE ON ECONOMIC DEVELOPMENT, TOURISM, AND
ARCTIC POLICY

February 19, 2015
12:01 p.m.

MEMBERS PRESENT

Representative Bob Herron, Chair
Representative Louise Stutes
Representative Cathy Tilton
Representative Dan Ortiz
Representative Adam Wool

MEMBERS ABSENT

Representative Craig Johnson
Representative Charisse Millett

COMMITTEE CALENDAR

CONFIRMATION HEARING(S):

DEPARTMENT OF COMMERCE~ COMMUNITY & ECONOMIC DEVELOPMENT~
COMMISSIONER

Chris Hladick - Unalaska

- HEARD

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

CHRIS HLADICK, Commissioner Designee
Department of Commerce, Community & Economic Development
Unalaska, Alaska

POSITION STATEMENT: Speaking as the commissioner designee to the Department of Commerce, Community & Economic Development, provided his qualifications.

ACTION NARRATIVE

[12:01:15 PM](#)

CHAIR BOB HERRON called the House Special Committee on Economic Development, Tourism, and Arctic Policy meeting to order at 12:01 p.m. Representatives Ortiz, Wool, Stutes, and Herron were present at the call to order. Representative Tilton arrived as the meeting was in progress.

CONFIRMATION HEARING(S):

Department of Commerce, Community & Economic Development,
Commissioner

[12:01:36 PM](#)

CHAIR HERRON announced that the only order of business would be a confirmation hearing for Commissioner Designee Chris Hladick, Department of Commerce, Community & Economic Development. Chair Herron informed the committee Commissioner Designee Hladick served as a commissioner on the Alaska Arctic Policy Commission (AAPC) representing maritime interests and the Bering Sea and the Aleutian Islands region. At this meeting, Commissioner Designee Hladick would be introduced to the committee; however, his confirmation will be advanced at a later date.

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CHRIS HLADICK, Commissioner Designee, Department of Commerce, Community & Economic Development (DCCED), informed the committee he has been a city manager in Alaska for 25 years and was born and raised in Illinois. He provided a brief history of his early work experience and said he holds a Bachelor of Science degree in Environmental Biology, and studied geology and engineering. His first job in Alaska was as the public works director in Galena. Commissioner Designee Hladick described his responsibilities as the public works director, city manager, and electric utilities supervisor for Galena from 1990-1994. He said his experience in Galena was difficult but a great opportunity. He said his responsibilities as the city manager of Dillingham from 1994-2001, were at a time when the city was near bankruptcy, and thus he is experienced in trimming budgets and reorganizations. A description of his experience with various projects was included in his resume provided in the committee packet. In 2001, he became city manager in Unalaska. Commissioner Designee Hladick said he has knowledge and experience in fisheries, project management, and union contract negotiations.

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REPRESENTATIVE STUTES asked for clarification regarding the aforementioned Galena contract.

COMMISSIONER DESIGNEE HLADICK said the contract had a 99.99 percent reliability factor, which resulted in expensive fines.

CHAIR HERRON asked why Commissioner Designee Hladick agreed to serve as commissioner.

COMMISSIONER DESIGNEE HLADICK said, "I just decided that I was going to give this a whirl." In further response to Chair Herron, he anticipated that the biggest challenges will be the budget and the completion of an assessment of the department in order to prepare for next year.

REPRESENTATIVE TILTON asked for Commissioner Designee Hladick's goals for DCCED.

COMMISSIONER DESIGNEE HLADICK answered he must chart a course, for example, 25 percent cuts over the next four years, followed by an evaluation of existing services. He said he could not provide an idea yet, but he was familiar with the services that are currently provided due to his 25 years of experience working with divisions within DCCED.

CHAIR HERRON asked Commissioner Designee Hladick to provide an example of how the delivery of DCCED services to small and large communities can be improved.

12:12:34 PM

COMMISSIONER DESIGNEE HLADICK suggested a centralization of services such as financing should be reviewed, in particular the requirements for grants. Also, he has heard comments questioning licensing practices.

CHAIR HERRON observed the House Community and Regional Affairs Standing Committee, the House Special Committee on Economic Development, Tourism, and Arctic Policy, and the House Special Committee on Fisheries work with DCCED. He questioned Commissioner Designee Hladick's recommendations, during his service as an AAPC commissioner, that were related to DCCED agencies that are critical to Arctic policy.

COMMISSIONER DESIGNEE HLADICK acknowledged the AAPC Implementation Plan for Alaska's Arctic Policy recommendations refer to regional planning and coordinating information to prepare communities for activities, such as oil and gas development. He was unsure of the amount of regional planning in place "up north" and restated his intent to start with an assessment very specific to the needs of each community.

REPRESENTATIVE STUTES asked for Commissioner Designee Hladick's opinion on the coastal management plan, which affected coastal communities and provided rights.

12:16:07 PM

COMMISSIONER DESIGNEE HLADICK replied that the coastal management program was in effect in Unalaska. He remarked:

I think it can be a great tool for getting input. There's also, I think it depends on the community as well. [A] community can put together a public process that makes sure all the stakeholders are at the table. The [Coastal Resource Service Area] was a way that kind of forced that to happen. ... I would like to, if it does come back, to see what they're trying to build and what they're trying to accomplish, but we had one in Unalaska and many of the plans that they started are still being used.

CHAIR HERRON referred again to the AAPC Implementation Plan and noted one of the recommendations directed to DCCED and the Department of Environmental Conservation is as follows:

Anticipate, evaluate and respond to risks from climate change related to land erosion and deterioration of community infrastructure and services and support community efforts to adapt and relocate when necessary.

CHAIR HERRON asked whether DCCED can "take on that recommendation."

COMMISSIONER DESIGNEE Hladick assured the committee that the department can work with a community to develop a plan that would appeal to federal and state agencies for funding. In further response to Chair Herron, he said he has a strong management background that will allow him to transition from managing 160 employees in Unalaska to 575 employees at DCCED.

REPRESENTATIVE ORTIZ asked whether Commissioner Designee Hladick was prepared to elaborate on which functions of DCCED are working well and which are not.

COMMISSIONER DESIGNEE HLADICK said he reserved comment at this time.

REPRESENTATIVE WOOL asked for Commissioner Designee Hladick's thoughts on economic development.

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COMMISSIONER DESIGNEE HLADICK responded that while he was city manager he was connecting a Norwegian shipping company to seafood companies in Unalaska in order to provide a shipping route over the North Pole to markets in Europe. He pointed out that to promote business, ordinances must not inhibit economic development. Although he has not had a job title of economic developer, he gained experience in this field while working in city management.

REPRESENTATIVE STUTES observed opening the Arctic will require a lot of infrastructure. She asked what region of the state is best located for new infrastructure.

COMMISSIONER DESIGNEE HLADICK recalled a presentation before the legislature many years ago in this regard, which led to the creation of the Alaska Northern Waters Task Force. The U.S. Army Corps of Engineers study on a northern port estimated it would be a \$250 million project which raises many financial barriers. However, he said, "A lot of those things are going to need to get done."

REPRESENTATIVE STUTES asked, "A lot of what things?"

COMMISSIONER DESIGNEE HLADICK responded the immediate goals are to develop ports and put emergency response plans in place.

CHAIR HERRON advised Commissioner Designee Hladick the committee will pose further questions at his confirmation hearing.

12:25:28 PM

REPRESENTATIVE TILTON asked how Commissioner Designee Hladick would balance the diverse needs of all of the communities across the state.

COMMISSIONER DESIGNEE HLADICK replied he has thought about and talked about statewide issues for what "seems like forever." His lobbying experience in Juneau and in Washington, D.C., often involved statewide issues such as outer-continental shelf revenue sharing to ensure that other communities benefit from royalties that are paid by business activities on the North Slope.

CHAIR HERRON noted the commissioner designee's previous experience with the Alaska Municipal League and asked for his opinion on revenue sharing.

COMMISSIONER DESIGNEE HLADICK acknowledged revenue sharing has been a long-standing issue for municipalities; however, municipal governments must understand fiscal limitations. He acknowledged that a loss of revenue sharing is a problem for smaller communities and if community governments "close their doors" it will be an issue for the Division of Community and Regional Affairs (DCRA) to address, if it has not already done so.

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CHAIR HERRON noted he represents 32 communities, some of which are very small, and asked whether there should be a hold harmless provision for those tiny communities that receive minimum revenue sharing.

COMMISSIONER DESIGNEE HLADICK agreed this should be discussed.

CHAIR HERRON stated Commissioner Designee Hladick's confirmation hearing will be continued at a date uncertain.

[12:30:26 PM](#)

ADJOURNMENT

There being no further business before the committee, the House Special Committee on Economic Development, Tourism, and Arctic Policy meeting was adjourned at 12:30 p.m.