

ALASKA STATE LEGISLATURE
SENATE TRANSPORTATION STANDING COMMITTEE

February 17, 2015

1:03 p.m.

MEMBERS PRESENT

Senator Peter Micciche, Chair
Senator Click Bishop, Vice Chair
Senator Bert Stedman
Senator Dennis Egan

MEMBERS ABSENT

Senator Mike Dunleavy

COMMITTEE CALENDAR

CONFIRMATION HEARINGS

Board of Marine Pilots
Shirley Marquardt
David Arzt

- CONFIRMATIONS ADVANCED

Commissioner - Department Of Transportation and Public
Facilities (DOTPF)
Marc Luiken

- CONFIRMATION ADVANCED

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

SHIRLEY MARQUARDT
Unalaska, Alaska

POSITION STATEMENT: Board of Marine Pilots nominee

DAVID ARZT
Homer, Alaska

POSITION STATEMENT: Board of Marine Pilots nominee

MARC LUIKEN, Commissioner-designee
Department of Transportation and Public Facilities (DOTPF)

Anchorage, Alaska

POSITION STATEMENT: Commissioner-designee for DOTPF

ACTION NARRATIVE

[1:03:29 PM](#)

CHAIR PETER MICCICHE called the Senate Transportation Standing Committee meeting to order at 1:03 p.m. Present at the call to order were Senators Bishop, Stedman, Egan, and Chair Micciche.

CONFIRMATION HEARINGS
Board of Marine Pilots

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CHAIR MICCICHE said the committee would take up confirmations and invited Shirley Marquardt to tell them why she would be a good candidate for the Board of Marine Pilots.

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SHIRLEY MARQUARDT, Board of Marine Pilots nominee, Unalaska, Alaska, said she had been living in Dutch Harbor for the last 34 years and has been interested in serving on the board for four or five years. She has had the opportunity to work with the Pilot's organization in Western Alaska on several high profile safety issues protecting the marine environment including their emergency towing system that the City of Unalaska and Alaska Marine Pilots put together that the Coast Guard has placed along the Aleutian Chain, as well. She has also worked with the board on an emergency mooring buoy and winter severe storm rules for the thousands of commercial trampers and freighters operating in the local marine waters on an annual basis.

She said the busiest time of the year is winter when the weather is the worst. She has seen first-hand what an incredibly valuable tool the state has to ensure the safe transit of those vessels with its pilotage program. She appreciated the program that looks for qualified applicants and the steps people have to go through to train over a three-year period in order to allow them to apply for the unlimited master's license, which the marine pilot holds. Nothing is left to chance; everything is learned, relearned, and relearned over and over again.

CHAIR MICCICHE said she serves as mayor of a community that is dependent upon safe marine traffic and mooring and asked the typical makeup of the Board of Marine Pilots. Is she the only non-professional in the group?

MS. MARQUARDT answered there are two public and two pilot members and two members from a ships agent organization. From the public side, she realizes the value of safe pilotage in keeping their robust commerce industry going.

SENATOR BISHOP looked at her employment history and asked what kind of heavy equipment she drives at Samson Tug and Barge.

MS. MARQUARDT answered she drives top picks, 45-ton fork lifts, running gear, and cranes.

SENATOR STEDMAN said he had worked with Ms. Marquardt over several years on various issues and thought she would be a fine member of the board.

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SENATOR EGAN supported Senator Stedman's words and her nomination.

CHAIR MICCICHE agreed with the others' comments.

MS. MARQUARDT thanked them for their trust and said she will do her level best to be fair and knowledgeable and make the best decisions for the State of Alaska.

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DAVID ARZT, Board of Marine Pilots nominee, Homer, Alaska, said he is a marine pilot based in Dutch Harbor, Unalaska, and his region covers the western portion of the state. He has been associated with this pilotage group for 10 years. Prior to that, he had 20 years of sea-going experience and an unlimited tonnage master's license going in and out of Valdez and up Cook Inlet to Nikiski. He also worked shore-side with BP shipping in Prince William Sound for a couple of years. He has been a member of the Board of Marine Pilots for four years as one of the chief pilots.

CHAIR MICCICHE thanked him for his service and finding no questions, remarked on the high level of comfort he has in knowing Mr. Arzt is involved when he is dealing with shipping on large tank vessels and as part of a family-owned commercial fishing operation when large tank vessels come by.

CONFIRMATION HEARING

Commissioner, Department of Transportation and Public Facilities

CHAIR MICCICHE invited Commissioner-designee Luiken to give the committee a history lesson.

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MARC LUIKEN, Commissioner-designee, Department of Transportation and Public Facilities (DOTPF), said it is a privilege to appear before them today and to serve his state. His focus is to organize the department to meet the budget challenges that Alaska is currently facing by consolidating where possible and creating efficiencies throughout the department. Changes made now have to be sustainable for the long-term and he will strive to minimize the impacts to core services that are so vital to Alaskans every day.

In FY16, the department is looking at reducing its operating budget by \$12 million, he said. This equates to about a 4 percent reduction from the prior fiscal year and leads to the elimination of nine full-time, three part-time and four non-permanent positions spread across the entire department.

COMMISSIONER LUIKEN said that during this period of fiscal uncertainty it is ever more important to foster better communications with stakeholders: the way he and his staff communicate with the legislature and enhancing how the department communicates and involves the public. They must better explain what they can and cannot do and be better listeners. Every Alaskan has the potential to add value to project design and delivery and he recognizes that much can be gained by involving them in the decision making.

COMMISSIONER LUIKEN said the department will explore new revenue generating opportunities like a 4.5 percent increase in AMHS fares and introducing landing fees at the Deadhorse airport, one of the most important transportation hubs for the North Slope. By 2017, they believe that revenue generated from the landing fees will offset the cost of operating the airport. In addition, they will consider recommendations from the AMHS tariff study.

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He said he began his tenure as commissioner by bringing back a couple of familiar faces. He saw a need for leaders to fill the top positions in the organization, which is why he is pleased to have Steve Hatter rejoin as the Deputy Commissioner. He is very talented with a very similar background to his. During his previous tenure he made outstanding progress in the aviation arena. As a result of his leadership, the air carriers that use

the Alaska International Airport system signed an unprecedented 10-year user agreement.

COMMISSIONER LUIKEN said he also asked Deputy Commissioner Mike Neusel to rejoin as deputy for the Marine Highway System; he brings over 30 years of marine and leadership experience as a former Coast Guard Captain, with 12 of those years being stationed in Alaska.

Deputy Commissioner John Binder will continue to oversee statewide aviation for the department. He is a proven leader who recently stepped up to fill the commissioner's duties until the beginning of February.

COMMISSIONER LUIKEN said his first priority is to the organization; his vision as commissioner will focus on the department's core mission and functions: mobility, access and commerce. As a department, they must continue to provide safe, environmentally responsible and sustainable mobility for travelers, and improve access and opportunity for individual and Alaskan businesses as well as access to Alaska's vast resources. Finally, they will support commerce to help Alaska's economy grow.

His second priority will be focused on the department's culture; the Department of Transportation and Public Facilities (DOTPF) must be one department rather than three independently operational regional entities. Their service will reflect an attitude of responsibility and service to the public rather than arrogance or superiority. They will strive for continuous improvement, operating in the learning mode. To ensure these changes stick, they will measure their performance regularly and publish the results so Alaskans will be able to hold them accountable.

COMMISSIONER LUIKEN said they must also become efficient with their most important resource, their people. They stand to lose up to 30 percent of the employees in the next five years due primarily to the age of the workforce and retirement. Therefore, their desire is to create an organization that people want to join and be part of, one that encourages growth and recognizes and rewards collaboration and innovation. He will also strive to build an organization that is accountable to the legislature, one which promotes integrity, transparency and outstanding service.

He said the DOTPF already has an incredibly dedicated and professional workforce and he is privileged to serve them in this capacity. His goal is to give them the resources, the training and the focus to be even better. Now he is excited to have the opportunity to serve this great state full time with all his strength, skill and ability.

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SENATOR STEDMAN said he thought the department should accelerate the Marine Highway tariff increases to address the budget challenges. He also asked him to explain a little about his role as a vice commander of the 11th Air Force in reorganization of headquarters and reduction of manpower.

COMMISSIONER LUIKEN answered that it took place at headquarters PACAF in Honolulu, Hawaii, and as with any reorganization one looks for efficiencies and redundancy in work, and reduction in staff. He looked for creative ways to minimize the impact to personnel as much as possible, similar to what the state is doing now: eliminating positions that aren't filled and combining positions. He has done this many times in the military in various command positions.

SENATOR STEDMAN asked what he found when he came back to his position as commissioner.

COMMISSIONER LUIKEN answered that he felt he had made a good start, but his goal back then is the same as his goal is now: to have a single organization - you'll get the same answer no matter what region you go to. He is encouraged to see that the department has made progress. As an example, over the last year, the Northern Region was without a regional director and Rob Campbell from Central Region stepped in to oversee both. As a result, they are communicating much more regularly and sharing best practices and processes that may have been different in the past.

SENATOR EGAN said he was really pleased to have Mr. Luiken back and pleased that he recognizes the AMHS as part of the national highway system.

SENATOR BISHOP asked if the gasline infrastructure is still a priority and a focus of the department.

COMMISSIONER LUIKEN answered yes; the department has continued working on the Richardson, Parks, and Dalton highways to prepare them for that work that includes quite a bit of renovation,

restoration or replacement of many of the bridges on all of those highways.

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SENATOR BISHOP asked if he had appointed someone as director of the Northern Region.

COMMISSIONER LUIKEN answered no, but it was forthcoming.

CHAIR MICCICHE thanked him for his service and said that he is inheriting a different organization and asked if he had a focus and some sort of objective on operating a leaner and meaner department and how would he describe his first actions moving forward.

COMMISSIONER LUIKEN answered that he has several ideas and the first is to build the right leadership team, which he is in the middle of doing now. He wants to make sure of getting the right people to carry this department forward. The other areas he is looking at are to consolidate and standardize. Those two alone will help create efficiency and that will impact the budget. His sole focus is to adjust to budget realities without impacting services as much as possible.

SENATOR MICCICHE said a lot of the decisions made on DOTPF projects were made with a different fiscal outlook and asked if those projects are being re-evaluated.

COMMISSIONER LUIKEN said there is a great opportunity in putting the next four-year Statewide Transportation Improvement Program (STIP) together to review those projects. The federal capital funding has been pretty steady for many years and should remain so for the next few years. That gives them an opportunity to improve the system and expand where possible to support the economy. He said they will maybe start by updating the state long-range transportation plans.

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SENATOR MICCICHE asked if he is re-evaluating his leadership philosophy with reorganization and asked if it's possible that the current titles on the chart may change significantly even at the higher titles.

COMMISSIONER LUIKEN answered yes; that is an option he is exploring.

SENATOR BISHOP moved to forward all three names to a joint session saying that signing the report does not reflect the intent by any members to vote for or against the confirmation of the individuals during any further sessions. There were no objections and it was so ordered.

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CHAIR MICCICHE, finding no further business, adjourned the Senate Transportation Standing Committee meeting at 1:37 p.m.