

**ALASKA STATE LEGISLATURE**  
**SENATE TRANSPORTATION STANDING COMMITTEE**

March 1, 2016

1:11 p.m.

**MEMBERS PRESENT**

Senator Peter Micciche, Chair  
Senator Click Bishop, Vice Chair  
Senator Mike Dunleavy  
Senator Dennis Egan

**MEMBERS ABSENT**

Senator Bert Stedman

**COMMITTEE CALENDAR**

CONFIRMATION HEARINGS

Board of Marine Pilots

Andrew Mack - Anchorage, Alaska

Tom Rueter - Anchorage, Alaska

- CONFIRMATIONS ADVANCED

**PREVIOUS COMMITTEE ACTION**

No previous action to record

**WITNESS REGISTER**

ANDREW MACK

Anchorage, Alaska

**POSITION STATEMENT:** Board of Marine Pilots appointee.

TOM RUETER

Anchorage, Alaska

**POSITION STATEMENT:** Board of Marine Pilots re-appointee.

**ACTION NARRATIVE**

1:11:25 PM

**VICE CHAIR CLICK BISHOP** called the Senate Transportation Standing Committee meeting to order at 1:11 p.m. Present at the call to order were Senators Egan, Dunleavy, and Vice Chair Bishop.

**Confirmation Hearings: Board of Marine Pilots**

1:12:38 PM

VICE CHAIR BISHOP announced the confirmation hearing for Andrew Mack, appointee to the Board of Marine Pilots, and noted that his term would expire on March 1, 2020.

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CHAIR MICCICHE joined the committee.

1:13:11 PM

At ease

1:13:39 PM

CHAIR MICCICHE asked Mr. Mack to tell them about himself and why he would be a good candidate for the Board of Marine Pilots.

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ANDREW MACK, Board of Marine Pilots appointee, Anchorage, Alaska, said he was born and raised in Soldotna. He is an attorney and his work for the last 10 years has been on a variety of resource issues. Most recently he worked as a consultant to several organizations, including village corporations that are involved in development on the North Slope. He is also a managing director at Pt Capital.

MR. MACK said he was introduced to the water front as a young person and became a commercial fisherman in different fisheries for 14 years. He said that mariners have a "pretty solid record" of trafficking the waters safely in the state except for the one notable exception. A great deal of marine traffic successfully happens in Cook Inlet and Prince William Sound and all across the Alaska coastline, and the pilots are an important ingredient in that mixture. They bring a perspective which allows folks to maintain their focus on good business practices that leads to a safe practice. He felt that his experience-base and some of the things he had done through his life to benefit the Marine Pilot Board.

CHAIR MICCICHE disclosed that he had known Mr. Mack for 35 years just being from the same small town.

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SENATOR DUNLEAVY said on his application under "conflict of interest" Mr. Mack answered "yes" to the question of him or his family being affected financially by decisions made by the

board, but answered "no" to explain "the potential financial benefit," and asked him to explain that answer.

MR. MACK replied that he should have said "no" to both questions, but at the time he couldn't think of any financial decisions the board might make that would affect him or his family financially. He honestly realized that he had answered that wrong and said it was an error.

SENATOR DUNLEAVY asked why he wanted to be on the board.

MR. MACK answered that the board is built so that it has representatives of various interests - industry, pilots, and the public - and all of them want marine business to be conducted safely, because it is good business in Alaska.

SENATOR DUNLEAVY asked why he wants to be on this particular board.

MR. MACK answered because he is fascinated with the marine industries and how they are so important to the economy of Alaska, most of which happens almost invisibly. Alaska has a "pretty unique system," he said, especially considering all the variations of harbors, weather and distances. Part of his fascination is curiosity, but he also thinks he has some unique experiences in understanding marine transportation systems, how they can benefit Alaska, and how they can be done safely.

SENATOR DUNLEAVY said a number of pilots and agents on the board have years of experience and asked, other than commercial fishing, what experience Mr. Mack has that would be applicable to this position.

MR. MACK answered that his current work is in business development. His clients have an interest in the long term success of Alaska. Whether it's a village corporation or a company doing business in Dead Horse, they all have a common purpose, which to successfully keep their businesses away from scenarios where bad things happen. He has experience as a commercial fisherman, but he also spends most of his days trying to solve knotty problems in the business community. He hoped to bring some of those experiences to the board, a lot of whose activities are not solely focused on the water. In fact, most of their focus is on land activities.

SENATOR DUNLEAVY asked who some of his clients are.

MR. MACK answered that he works for a couple of village corporations on the North Slope. Some of them have multiple issues and are well-known clients. One of the companies he does a lot of business with is Kuukpiik Corporation on the North Slope and another is the Inuit Corporation based in Wainwright.

SENATOR DUNLEAVY said he was trying to understand Mr. Mack's motivation and asked him to detail any other associations he has with the government and administration.

MR. MACK answered that he recently got a contract with the governor and the administration to help think through some knotty issues centered on access to ANWR and other federally controlled areas. He said the contract terms had been discussed publically.

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SENATOR DUNLEAVY asked his role with Pt Capital.

MR. MACK replied that Pt Capital is a private equity fund, a way for investors to directly invest in business. He explained that Alaska has historically exported its resources and in some cases its capital, and Pt Capital is designed to do the opposite: to attract capital from outside of Alaska and place it into investments here. His role is to look for opportunities where the capital may be placed.

SENATOR DUNLEAVY asked if Pt Capital is just focused on Alaska or the Arctic.

MR. MACK answered that it is focused on Alaska.

SENATOR DUNLEAVY asked if this is the same Pt Capital that the owner of the Dispatch, Alice Rogoff, is part of.

CHAIR MICCICHE interrupted to say that Senator Bishop has to leave for another meeting and had a question.

SENATOR BISHOP said it appears that Mr. Mack has experience in Arctic issues including maritime activities and it appears that he is also the principal author of the North Slope Borough Offshore Arctic oil and gas development policy positions. He asked him to expand on what those positions entailed.

MR. MACK answered that he was an employee for the North Slope Borough and head of Government External Affairs for a number of years. In that capacity, he looked at a range of options that

the communities thought made sense for them. They looked at other business systems that were being employed, sometimes globally, but certainly around Alaska.

One of the things he did with them was put together some important issues for conducting safe business. The Assembly - including former Mayor Itta - unanimously passed a resolution on how marine pilots might be used to make sure that all the proposed activity was conducted safely.

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SENATOR DUNLEAVY asked if the owner of the Dispatch is linked to Pt Capital.

MR. MACK replied that he was almost certain that her role is senior advisor there.

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SENATOR DUNLEAVY asked if his contract with the governor's office will be extended at the end of the month.

MR. MACK said he didn't know, but he is currently working diligently on it.

SENATOR DUNLEAVY asked if that is the plan.

MR. MACK answered that they have to get through the first part of the contract, and then the administration will tell him whether they want more help or that it will be closed out.

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SENATOR DUNLEAVY asked with the governor defunding Arctic Power's lobbying efforts on behalf of Alaska and Washington, if he would be taking over some of that work

MR. MACK answered that the subject had never come up.

SENATOR DUNLEAVY asked if there are any potential conflicts or associations he should be noting beyond what was in his application.

MR. MACK answered that he couldn't think of anything off the top of his head. If there was an interface or connection between opportunities that Pt Capital might be pursuing - something involving pilots - he would be obligated to come forward, but there aren't any of those right now.

SENATOR DUNLEAVY asked if he had to disassociate himself from any other business arrangements or contracts to sit on the board. He assumed he didn't have to do that with any of the ones he mentioned.

MR. MACK answered that he assumed the same thing and promised to look into it. He stated that as an attorney he has always lived under the code of professional conduct, which is if you see a conflict you raise it and try to resolve it.

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CHAIR MICCICHE said he thought the struggle the committee was having is that they know a lot of people with years of applicable marine pilot experience, and while he knows and trusts Mr. Mack - no question - sometimes people in the building sort of wonder how these things come together. He asked Mr. Mack to tell them more about his contract with the governor.

MR. MACK replied that the contract is with the governor and the administration to help them plan for and address some of the large issues that always challenge the State of Alaska, notably federal activity and decision making in the Arctic National Wildlife Refuge (ANWR), the Outer Continental Shelf (OCS) and the National Petroleum Reserve Alaska (NPRA). He is well versed in these issues and already does some of the same work for other clients. The contract dates are pretty narrow and its total value is \$50,000; it is scheduled to end in another month. He doesn't know if it will be continued.

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SENATOR DUNLEAVY asked what the deliverables of the contract are.

MR. MACK answered that some of it is limited to reporting, along with consulting and advisory services, and there would be a written product at some point. He explained that one of the reasons he has good relations with many of the corporate entities and leadership on the North Slope is because he lived in Barrow for three years (2003-2006).

CHAIR MICCICHE thanked him for being with the committee today.

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CHAIR MICCICHE announced the hearing for Tom Rueter and asked him to tell them about himself and why he wanted to continue serving on the Board of Marine Pilots.

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TOM RUETER, Anchorage, Alaska, Board of Marine Pilots appointee, Anchorage, Alaska, said he had been in Alaska since 1973 and had been involved in the maritime industry for 30 years. He is currently general manager for Alaska Maritime Agencies that represents a variety of vessels that utilize pilotage services under the Marine Pilotage Act. A good portion of those services include making arrangements and requests, advising interested vessel operators what the regulatory regime is regarding the use of pilotage, advising on advance notices and where they can and can't go without pilots, and explaining the nature of the pilot services and their charges. He explained that larger vessel operators that have an ongoing service - barge and tug services, for instance - have offices and staff in Alaska who meet the needs of their vessels, because they have scheduled services.

He explained that agents frequently represent vessels that may show up in Alaska with the owners one time in a year or one time ever, but do not have a regular presence and so they need local knowledge and understanding of the regulatory regime. Whether the owner is in Hong Kong or London, they ask an agent to set up arrangements for their vessel that is coming into Anchorage or Seward or locations of that nature. He and people like him are out there talking with the pilots and making arrangements. Mr. Rueter said he has been involved with the Board of Marine Pilots as a participant in the meetings since 1990 or 1989 or so.

MR. RUETER said he has also been an active participant in the Alaska Steamship Association, a group of industry members seeking to make sure that the services and the training of pilots through the board are meeting with industry expectations and concerns over safety as navigational aids and processes change.

He explained that the pilot works with the bridge crew, taking command of the vessel as provided, so that their local knowledge is utilized when coming into pilotage waters. Because many of the principals do not have an active presence, the Steamship Association also engages the pilots to make sure that their services are cost effective, because they are a recognized and approved monopoly of the state and obligated to provide services to ensure the safety of the marine environment in and around the state's waters. His interest in participating on the board is to help offer insight to vessel owners that are absent from their vessels.

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CHAIR MICCICHE said his experience is clearly long-standing and applicable. He asked Mr. Mack if he had much to do with the terminal compatibility and simulation studies in the facilities that have become somewhat highly developed toward those efforts.

MR. RUETER answered that he had limited participated in the simulation facilities at AVTEC in Seward and a simulation review in Juneau. He said that new terminals are rare, but vessel operator insights and expectations have been solicited as to what conditions might be necessary at a new terminal for mooring and line handling arrangements.

CHAIR MICCICHE said there is no question that when an entity brings a new vessel into Alaskan waters, the pilots are there every step of the way, and the simulations and compatibility studies couldn't be done without them.

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SENATOR DUNLEAVY asked Mr. Rueter if his experience is critical in doing this job well.

MR. RUETER answered that the board has two industry members, two pilot members, and two public members who are charged with understanding the regulations, and a disposition could be accomplished by any number of people. Expertise comes into play when pilots are questioned as to how to safely bring a vessel of a certain size in or what guidelines or concerns someone might have about vessel operations. He explained that the board leans quite strongly on a strong pilotage association and its training guidelines while indoctrinating new personnel that will be licensed by the board. However, the board is not specifically involved in saying a person is guiding the ship appropriately. They rely almost entirely on the association to say trained pilots had accompanied this individual, observed them in their practices and find them to be fully fit to provide these services, and then recommend to the board that they be granted a license. He said that the job involves listening carefully to the facts and expertise put forward by the licensed pilots relative to new pilots coming on and the ability to understand different positions, whether it has to do with pilots or industry and that, "It could be addressed by any of many professionals."

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SENATOR BISHOP said his resume' speaks for itself and asked if Mr. Rueter thinks AVTEC brings value to the maritime industry with its compliments of training cohorts in Seward.

MR. RUETER answered that he participated when they brought in the original simulator from Kongsberg in the early 90s, and their efforts to expand that with the participation of pilots has been very beneficial. Until that time, they labored long and hard to convince pilots and other industry to utilize their services and equipment. Otherwise, frequently pilots would have to go off to Florida and Switzerland and other places around the world to accomplish various trainings.

CHAIR MICCICHE asked if he is fluent in the Japanese language.

MR. RUETER answered yes.

CHAIR MICCICHE thanked both gentlemen for being with the committee today. He said the members would sign a report recommending that the appointments be forwarded to a joint session for consideration. This does not reflect an intent by any of the members to vote for or against confirmation of the individuals during any further sessions.

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CHAIR MICCICHE adjourned the Senate Transportation Standing Committee meeting at 1:53 p.m.