

HOUSE FINANCE COMMITTEE
May 10, 2019
1:30 p.m.

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CALL TO ORDER

Co-Chair Foster called the House Finance Committee meeting to order at 1:30 p.m.

MEMBERS PRESENT

Representative Neal Foster, Co-Chair
Representative Tammie Wilson, Co-Chair
Representative Jennifer Johnston, Vice-Chair
Representative Dan Ortiz, Vice-Chair
Representative Andy Josephson
Representative Gary Knopp
Representative Bart LeBon
Representative Kelly Merrick
Representative Colleen Sullivan-Leonard
Representative Cathy Tilton

MEMBERS ABSENT

Representative Ben Carpenter

ALSO PRESENT

Dorene Lorenz, Chair, Friends of Jesse Lee Home, Juneau;
Erin Walker-Tolles, Executive Director, Catholic Community Services, Juneau.

PRESENT VIA TELECONFERENCE

Jennifer Beckmann, Central Area Rural, Kenai Peninsula;
John Strassenburgh, Self, Talkeetna; Ruth Wood, Self, Talkeetna; Patrick Reinhart, Alaska Mobility Coalition and Governor's Council on Disabilities and Special Education, Anchorage; Susan Lang, Volunteer Coordinator, Friends of the Jesse Lee Home, Lowell Point; Marian Charles, Member, Willow Library Association, Willow; Iris Darling, Self, Seward; Brian Okonek, Self, Talkeetna.

SUMMARY

CSSSSB 19(FIN)

APPROP: CAPITAL BUDGET; SUPPLEMENTAL

CSSSSB 19(FIN) was HEARD and HELD in committee for further consideration.

#sb19

CS FOR SPONSOR SUBSTITUTE FOR SENATE BILL NO. 19(FIN)

"An Act making appropriations, including capital appropriations, supplemental appropriations, reappropriations, and other appropriations; amending appropriations; making appropriations to capitalize funds; and providing for an effective date."

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Co-Chair Wilson reviewed the agenda for the meeting. She indicated the committee would hear public testimony on the capital budget. She intended to have a committee substitute on the following Monday and would hear amendments at that time.

^PUBLIC TESTIMONY

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Co-Chair Wilson OPENED Public Testimony for SB 19.

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JENNIFER BECKMANN, CENTRAL AREA RURAL, KENAI PENINSULA (via teleconference), spoke in support of a strong public transportation system. She purported that Alaska invested millions of dollars each year in its transportation systems that primarily focused on roads and bridge infrastructure. The result made the state heavily reliable on automobiles and driving. She stated that limiting access to public transportation options negatively impacted individuals' ability to get to work, access healthcare, and shop for necessities. She spoke in support of the \$1 million in public and community state matching funds for public and community transportation that leveraged much more in federal funding.

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JOHN STRASENBURGH, SELF, TALKEETNA (via teleconference), spoke against funding for the South Denali Visitor Center. He discussed the stunning views from the proposed visitor center site called "site one." He shared information about the planning and public process and Environmental Impact Statement (EIS) in 2006 that chose the site and maintained a record of decision. He communicated that the site was changed by amending the record of decision without any public notification or process. The new site, "site two" had been changed significantly to alpine tundra in an ecologically fragile area over a mile away from site one. He related that the new cite was not supported by the public or the Denali State Park master plan. The new cite required more analysis and public process.

Vice-Chair Ortiz asked about the statement that the new center was not supported by the public. He asked whether Mr. Strassenburgh had proof to back up the statement. Mr. Strassenburgh pointed to a borough resolution by the Parks Recreation and Trails advisory board objecting to the change from site one to site two. He spoke to public meetings where the citizenry broadly disapproved of the new site.

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RUTH WOOD, SELF, TALKEETNA (via teleconference), spoke against the location and proposal for the South Denali Visitor Center. She noted that she had worked on the issue since 2006. She supported the original site. She mentioned the EIS study that addressed the environmental sensitivity of site two. She believed that changing the site required further National Environmental Policy Act (NEPA) study. She examined budget documents and was uncertain what the \$2.5 million capital appropriation was allocated for. The \$25 million price tag for the visitor center was estimated in 2006 and she deduced that costs had risen. She noted that the state, federal government, and the National Park Service signed the original document, which was suddenly cast aside for a site that was not vetted. She reported that there was not a road to site two. She emphasized that "everything about the project concerned" her. She opposed spending \$2.5 million for a questionable expenditure when the state was in a budget crisis.

Representative Merrick asked if any private money was going into the project.

Ms. Wood answered that she had not been able to find any reliable information that was not hearsay or rumor. She could not determine if any of the \$2.5 million or other funding was coming from industry. She relayed that she had queried the Legislative Finance Division (LFD) regarding the appropriation and it was characterized as "arbitrary." She shared that currently cabins, a campground, and "a spectacular and easy trail" existed. She did not support putting a building in that location - it would not serve Alaskans or visitors.

Representative Josephson reported that he had been in the Princess Hotel [Princess Hotels and Resorts] in the state park [Denali State Park]. He inquired whether she was aware of interest by Princess to build another hotel or resort in proximity of the existing hotel. Ms. Wood answered that a Native corporation had an inholding in the state park that was interested in building a hotel and had discussions with the state. She did not have current information. She felt that if a facility was built, it should be located in the original site that had been carefully vetted via an EIS. She understood that building on site two would be more expensive. She was certain there was interest, but it was all hearsay. She stated that the existing facilities served customers, visitors, and Alaskans. She believed the trail was the most spectacular hike available to visitors and Alaskans.

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Representative LeBon asked Ms. Wood if she had knowledge about any support from the National Park Service. Ms. Wood answered that the park service had been involved in the original EIS, but she did not know what specific involvement they had outside of trying to take visitor pressure off the national park. She believed that people came to Alaska to go to Denali National Park and the state park would not divert many visitors. She recalled that the National Park Service acknowledged that further NEPA study would be required for site two. She did not believe the park service would build the site nor could build without another NEPA study.

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DORENE LORENZ, CHAIR, FRIENDS OF JESSE LEE HOME, JUNEAU, shared that since 1997 the legislature had worked with the

people of Seward to restore the Jesse Lee Home. She detailed that over \$3 million had been expended on building stabilization, architecture, and historic preservation engineering. In addition, the curriculum for the Career and Technical Education (CTE) charter high school that will inhabit the building had been developed. The school will be aligned with the nearby Alaska Vocational Technical Center (AVTECH) center. However, in the past year, the \$1.25 million that had been earmarked for restoring the building was appropriated to the City of Seward to destroy the building. She informed the members that the building was the home of Benny Benson where the Alaska flag had first been designed, sown, and flown. She continued that historically, the building had been a home and school for children of Japanese descent, native, and white races that had all been treated equally. She was requesting an amendment for a change from language that enabled tearing the building down to an appropriation for its original purpose. She requested that the appropriation be removed from the Department of Commerce, Community and Economic Development (DCCED) to the Department of Labor and Workforce Development (DLWD). The administration was extremely interested in the success of the project. She was working with DLWD and the Department of Education and Early Development (DEED). The organization had a 60 percent match for federal funds and was saving state funding for the match. The Alaska Industrial Development and Export Authority (AIDEA) had offered the project a loan but the organization rejected it in the hope of avoiding debt. She emphasized that she was requesting an amendment and not additional funding.

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Co-Chair Foster stated his understanding of the testimony. He relayed that \$1.2 million was included in the FY 19 budget for abatement and she was requesting an amendment to allow restoration. Ms. Lorenz answered affirmatively.

Representative Sullivan-Leonard asked about the community investment in the restoration of the Jesse Lee Home. Ms. Lorenz emphasized that the home was a statewide project. She explained that during the past year the Outward Bound program had students clean up the grounds, fix fencing, etc. The Coast Guard worked on the building every time they were in town and companies from Anchorage, Fairbanks, and Kenai donated time, materials, and services to help install

water and sewer lines. The Jesse Lee Home was a foster home and the former residents currently lived statewide.

Representative Sullivan-Leonard was supportive of the home. She asked for a distinction regarding its historical designation. Ms. Lorenz answered that the home was on the National Historical Register and was on the state historical register and considered one of the most historically important buildings by the state Historic Preservation Commission.

Co-Chair Foster remembered that the appropriation for abatement occurred prior to FY 19. Ms. Lorenz answered that prior to the past year, matching funds were removed and reappropriated to the Department of Transportation and Public Facilities (DOT). The \$1 million that had been left over was the funding the organization would like to use.

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ERIN WALKER-TOLLES, EXECUTIVE DIRECTOR, CATHOLIC COMMUNITY SERVICES, JUNEAU, spoke in support of the public and community transportation state match. She shared details about providing transportation services to seniors and the disabled and noted that transport was the major service Catholic Community Services provided. The organization did not own all its vehicles and could not operate Americans with Disabilities Act (ADA) compliant vehicles for paratransit services if the communities it served could not afford to purchase vans for their fleets. She reported that the organization did own 12 vans and listed the communities they served: Haines; Skagway; Kake; Wrangel; Hoonah; Angoon; Yakutat; Craig; and Klawock. The community vans were the only way for seniors to get a ride from Craig and Klawock to Ketchikan. She indicated that the organization was constantly fund raising to provide operating and capital funding match money. The federal government matched \$4 million to the state's \$1 million match. She was very concerned that without state funds designated for the purpose, many seniors would not get to the doctor or senior centers. The transport was also the delivery method for the Meals on Wheels program. She requested that the committee support the full matching funding.

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PATRICK REINHART, ALASKA MOBILITY COALITION AND GOVERNOR'S COUNCIL ON DISABILITIES AND SPECIAL EDUCATION, ANCHORAGE (via teleconference), testified in support of the public and community transportation state match. He believed that the appropriation was important; the match funding supported communities throughout the state. He provided information about the history of the funding source. He relayed that approximately 15 years ago he was the director of the State Independent Living Council. He travelled to Washington DC, accompanied by the former director of the Governor's Council on Disabilities and Special Education to advocate for more federal transit dollars. He reported that one of the frequent questions the Alaska delegation asked had been how much the state contributed for the service - it had been zero. He subsequently began advocating for the state to contribute funding resulting in federal match funding that grew rapidly. The funding enabled small communities to receive community transport funding. He spoke in support of transit services for seniors and individuals with disabilities. He appreciated the item in the budget.

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SUSAN LANG, VOLUNTEER COORDINATOR, FRIENDS OF THE JESSE LEE HOME, LOWELL POINT (via teleconference), spoke in support of the Jesse Lee Home. She provided information about the groups of volunteers that worked on the home, which included two groups from Outward Bound in Colorado. She related that her organization had a contract with the City of Seward to take possession of the home on August 30, 2019. She indicated that despite the existing agreement, the city applied for funds to tear down the building. The home had served as an educational institution that included Alaska natives. The home was home to Ephraim Kalmakoff, winner of the Mt Marathon race in 1928 and Peter Gordon Gould who was an Unangax from the village of Unga that founded the Alaska Pacific University among other very successful alumni. She intreated for the survival of the home.

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MARIAN CHARLES, MEMBER, WILLOW LIBRARY ASSOCIATION, WILLOW (via teleconference), asked for support of the Willow Library replacement and upgrade project. The association requested funding from money that was reappropriated from

the Talkeetna Library Fund and additional state General Funds (GF). The association's volunteer board had secured almost 65 percent of the \$5.7 million project. She delineated that the library was connected to the community center and would double in size. She discussed the uses of the funding for items like upgrading the sprinkler system and insulation. She indicated that \$1.7 million came from a grant from the Mat-Su Health Foundation and \$1.9 million from the borough. A contribution from the state could be a tipping point for the project. She shared that they had submitted grants to several oil companies and had been in discussions with the Rasmussen Foundation and Foraker Group. She emphasized that the community of Willow strongly supported the project. She spoke to other community fundraising efforts. She reported that the request had been submitted to the CAPSIS system.

Co-Chair Wilson asked for the ratio of funding between library replacement and upgrades to the community center. Ms. Charles answered it was approximately 25 percent for the community center and 75 percent for the library. Co-Chair Wilson asked if the project was about \$2 million short of full funding. Ms. Charles responded in the affirmative.

2:11:00 PM

IRIS DARLING, SELF, SEWARD (via teleconference), testified in support of the language change related to the Jesse Lee Home. She mentioned the broad community support for the building and significant amount of local effort to restore the facility. She emphasized that once a historic facility was destroyed it was gone forever. She was not in favor of the destruction of the home. She indicated that the project was reinvigorated and was on the way to full restoration. She shared that her father was one of the community's founding fathers. She wanted to continue the efforts to preserve the historic structure.

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BRIAN OKONEK, SELF, TALKEETNA (via teleconference), spoke against the proposed Denali Visitor Center facility. He reiterated the earlier testifiers claims that the plan was changed without notice or public input. He stated that there was controversy over whether the plan would meet the need of the public and the park. He believed that state

parks in general needed more support from the state to provide for management, maintenance, and staffing needs. He thought spending \$25 million on the center would be totally inappropriate at present due to the state's budgetary concerns. The management plans had never stipulated how the state would gain revenue from the facility.

Co-Chair Wilson asked about the location change for the facility. She asked if the hearings had included the location in one place and there had been no additional public testimony once the new site had been announced. Mr. Okonek answered in the affirmative. He explained that the public had been told the change was insignificant and it was only being moved one mile. He countered that the change was significant. The plan moved the project to an environmentally sensitive area that was not zoned to support the type of development.

Co-Chair Wilson noted there was currently \$2.5 million in the project for design. She believed that the project should go back to the drawing board and include public input.

Co-Chair Wilson CLOSED public testimony.

Co-Chair Wilson asked members to provide amendments to her office as soon as possible by the following Monday. Further committee discussion ensued regarding the amendment deadline.

ADJOURNMENT

2:18:46 PM

The meeting was adjourned at 2:18 p.m.