

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

March 2, 2021

1:32 p.m.

**MEMBERS PRESENT**

Senator Robert Myers, Chair  
Senator Mike Shower, Vice Chair  
Senator Click Bishop  
Senator Peter Micciche  
Senator Jesse Kiehl

**MEMBERS ABSENT**

All members present

**COMMITTEE CALENDAR**

SENATE BILL NO. 74

"An Act providing for and relating to the issuance of general obligation bonds for the purpose of paying the cost of state infrastructure projects, including construction, communications, major maintenance, public safety, and transportation projects; and providing for an effective date."

- HEARD & HELD

**PREVIOUS COMMITTEE ACTION**

BILL: SB 74

SHORT TITLE: G.O. BONDS: STATE INFRASTRUCTURE PROJECTS

SPONSOR(S): RULES BY REQUEST OF THE GOVERNOR

02/05/21	(S)	READ THE FIRST TIME - REFERRALS
02/05/21	(S)	TRA, FIN
02/25/21	(S)	TRA AT 1:30 PM BELTZ 105 (TSBldg)
02/25/21	(S)	-- MEETING CANCELED --
03/02/21	(S)	TRA AT 1:30 PM BELTZ 105 (TSBldg)

**WITNESS REGISTER**

NEIL STEININGER, Director  
Office of Management and Budget  
Office of the Governor

Juneau, Alaska

**POSITION STATEMENT:** Presented a PowerPoint on SB 74, General Obligation (GO) Bonds: State Infrastructure Projects on behalf of the administration.

ALAN WEITZNER, Executive Director

Alaska Industrial Development and Export Authority (AIDEA)  
Department of Commerce, Community and Economic Development  
Anchorage, Alaska

**POSITION STATEMENT:** Answered questions on the GO Bond Projects for AIDEA in SB 74.

HEIDI TESHNER, Director

Finance and Support Services Division  
Department of Education and Early Development (DEED)  
Juneau, Alaska

**POSITION STATEMENT:** Answered questions on GO Bond Projects for DEED projects in SB 74.

STEPHANIE RICHARD, Director

Division of Administrative Services  
Department of Military & Veterans Affairs (DMVA)  
Anchorage, Alaska

**POSITION STATEMENT:** Answered questions on GO Bond Projects for DMVA in SB 74.

STEVE MASTERMAN, Director

Division of Geological and Geophysical Surveys (DGGS)  
Department of Natural Resources (DNR)  
Fairbanks, Alaska

**POSITION STATEMENT:** Answered questions on GO Bond Projects for DNR in SB 74.

JEFF BRUNO, Large Project Coordinator

Office of Project Management and Permitting  
Department of Natural Resources (DNR)  
Anchorage, Alaska

**POSITION STATEMENT:** Answered questions on GO Bond Projects in SB 74.

RICKY GEASE, Director

Division of Parks and Outdoor Recreation  
Department of Natural Resources (DNR)  
Anchorage, Alaska

**POSITION STATEMENT:** Answered questions on GO Bond Projects for DNR in SB 74.

NORM MCDONALD, Program Manager; Chief  
Wildland Fire and Aviation Program  
Division of Forestry  
Department of Natural Resources (DNR)  
Palmer, Alaska

**POSITION STATEMENT:** Answered questions on GO Bond projects for DNR in SB 74.

#### **ACTION NARRATIVE**

[1:32:20 PM](#)

**CHAIR ROBERT MYERS** called the Senate Transportation Standing Committee meeting to order at 1:32 p.m. Present at the call to order were Senators Kiehl, Micciche, Shower, and Chair Myers. Senator Bishop arrived shortly thereafter.

#### **SB 74-G.O. BONDS: STATE INFRASTRUCTURE PROJECTS**

[1:32:57 PM](#)

CHAIR MYERS announced the consideration of SENATE BILL NO. 74 "An Act providing for and relating to the issuance of general obligation bonds for the purpose of paying the cost of state infrastructure projects, including construction, communications, major maintenance, public safety, and transportation projects; and providing for an effective date."

[1:33:40 PM](#)

NEIL STEININGER, Director, Office of Management and Budget, Office of the Governor, Juneau, Alaska, on behalf of the governor, began a PowerPoint on SB 74, General Obligation (GO) Bonds: State Infrastructure Projects on slide 1. He said he would briefly review GO Bonds and explain why the administration chose to put forth a GO Bond proposal. The proposed bond issuance is for \$354.6 million in projects and it COSTS\$1.8 million in costs to issue the bonds. Once the GO Bonds were issued, he anticipated the state's operating budget would reflect \$22.8 million in annual debt service. The state estimated its savings would earn approximately 6.25 percent annually. However, bond interest is historically low at below 2 percent, which is the reason that bonds are advantageous now, he said.

MR. STEININGER directed attention to the graph to illustrate the savings to the state by financing the projects rather than using the CBR [Constitutional Budget Reserve] since the state will earn the higher interest rate resulting in a favorable net

outcome. Financing these projects results in \$273 million in additional interest earnings compared to paying cash up-front.

MR. STEININGER advised members that bonding would require a statewide special election within 120 days of adjournment. The cost to hold a special election is about \$2 million, he said.

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SENATOR MICCICHE referred to the line graph. He asked if the \$400 million shown in [20]47 was net, such that it included the cost of the debt as a differential to the earnings at 6.25 percent.

MR. STEININGER clarified that the blue line represented the trajectory of the state paying for the projects at \$354.6 million. The orange line included all those other costs, such as the debt service.

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SENATOR SHOWER asked if the administration had considered using some of the \$850 million in [The Coronavirus Response and Relief Supplemental Appropriations Act of 2021] (CRRSA) Act funding.

MR. STEININGER acknowledged that the \$850 million designated for Alaska was in the current U.S. House bill. He pointed out that was still under consideration by the U.S. Senate. While it appeared likely that that the funding will pass, it's unknown at this point. Once the state receives the funding the state can consider how to spend it and if it will be directed to capital infrastructure investment backfilling state revenues lost via COVID-19, he said. He agreed that incurring debt for the long term was an important policy decision for this body and the executive branch to consider. He argued that CRRSA funding would not really change due to the benefits to the state to use the GO bonds, especially given the current interest rates at less than 2 percent.

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SENATOR BISHOP joined the meeting.

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SENATOR SHOWER asked if the administration had considered using the CRSSA to offset some of the GO Bonds. He characterized it as a philosophical alternative.

MR. STEININGER said some of the projects on the list might be eligible for current CARES Act or CRSSA funding or from another funding source.

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SENATOR KIEHL pointed out that the majority of the projects in SB 74 were [Federal Highway Administration] FHWA projects. He characterized the approach [taken in SB 74] as borrowing two years of federal match up front and spreading it over two years of capital budgets. He related his understanding that this would not accelerate the inflow of federal funding but would replace the annual match with GO bonds.

MR. STEININGER responded that this gets to the heart of how the administration compiled its list of projects. One goal was to help provide certainty to the construction industry by identifying projects for the next two years. This could help the construction industry make hiring decisions, he said. Another goal was to identify the immediacy of need and geographic distribution of projects that could get on the street as soon as the GO bonds are issued. He indicated that the future obligation of FHWA funding was one of the key areas to create certainty. This would commit future STIP awards so it is a replacement of general funds in future capital budgets, which means there's less general fund need in those two years, he said.

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SENATOR KIEHL reiterated that most of the projects are not additional projects but are ones that would be funded by general funds for state match. Under this proposal the state would borrow it instead, he said.

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CHAIR MYERS stated that Senator Bishop joined the meeting.

CHAIR MYERS anticipated the special election would occur in July or August. He asked if most of the project work would be done in 2022.

MR. STEININGER said the timing will depend on when the bill passes, voter approval occurs and the bonds are issued and sold. Once voter approval is obtained, some projects could be started. Contractors could begin by making hiring decisions and not wait until summer to do so.

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SENATOR SHOWER remarked that nothing was free and unintended consequences often occur. He asked Mr. Steininger to identify any downsides to this approach.

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SENATOR MICCICHE remarked that many of these projects were not match projects.

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MR. STEININGER responded to Senator Shower that he would try to highlight areas. He acknowledged that one consideration was that the interest would be paid on the \$354 million over time. He highlighted that there is an opportunity cost on earnings on the funds but over time it pencils out as a net benefit.

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SENATOR MICCICHE reiterated that some projects were not federal match and he would like to see those projects identified. He suggested it was important to understand the stimulus value and to expedite the projects based on the number of private versus public sector projects and the number of Alaskan jobs for projects that are biddable to the private sector. He asked if the administration had considered other intrinsic values besides the low interest rates.

MR. STEININGER acknowledged that only the STIP replacement projects leverage federal funds. In terms of weighing the stimulus effect of some of the projects, he suggested that the testifiers could indicate whether the work would be contracted out or would be done in-house. He surmised that much of the work would be contracted out since many are larger projects but DOTPF could address how it made those decisions.

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MR. STEININGER turned to slide 2 and highlighted the bond projects by department which were listed on a spreadsheet in members' packets titled, "GO Bond Project Listing updated 2/4/2021." These projects were ones the administration selected from prior capital project requests including deferred maintenance, from the Surface Transportation Improvement Projects (STIP) or legacy projects. A large portion of the GO Bonds designated to the Department of Transportation and Public Facilities (DOTPF) were STIP and Aviation Improvement Projects (AIP).

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SENATOR KIEHL asked him to address the single subject rule. The courts have previously ruled that a capital projects is not a single subject, he said.

MR. STEININGER said the Department of Law found similar bills with a wider scope. The administration believes the GO Bond proposal in SB 74 is allowable under the single subject rule with the single subject being bonding for capital projects, he said. He acknowledged that prior bond proposals have often been split into multiple proposals but the administration does not see a true legal issue with this proposal.

SENATOR KIEHL indicated he may wish to provide a Legislative Legal opinion that states otherwise.

[1:52:08 PM](#)

CHAIR MYERS stated his intent was to go through the projects. He turned to item 1 [reference number 56220], West Susitna Road Access. He asked for the rationale. He pointed out that AIDEA [Alaska Industrial Development and Export Authority] could bond on its own so why would the state bond for AIDEA.

MR. STEININGER deferred to Mr. Weitzner.

[1:53:08 PM](#)

ALAN WEITZNER, Executive Director, Alaska Industrial Development and Export Authority (AIDEA), Department of Commerce, Community and Economic Development (DCCED), Anchorage, Alaska, reviewed the GO Bond Projects in SB 74 on behalf of the governor. He stated the \$8.5 million for the West Susitna Access Project was to support the early-stage environmental applications and cultural resource activities that are necessary to get to a NEPA permit and the Environmental Impact Statement (EIS) for the road development. This appropriation is in line with what was required for prior projects such as the Delong Mountain Transportation System and the Ambler Access Road Project, he said. Both projects were funded with initial appropriations to undertake that type of work. The specific limitation for AIDEA, per AIDEA's statutes is that any bonding would be subject to the underlying financing plan, the project itself, and having the ability to repay the bonding that AIDEA undertakes for it, he said. That early stage undertakes activities to get to the EIS review under NEPA [National Environmental Policy Act] and ultimately arriving at a record of decision and bring it to a funding stage for AIDEA, he said.

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SENATOR MICCICHE related his understanding that this project has received \$173 million in funding since 2008. He asked if the \$8.5 million was included in the plan.

MR. WEITZNER answered that the \$8.5 million was for expansion of road development and access development west of the Susitna River reaching to the Yentna Mining District. He offered his belief that the funding Senator Micciche referred to related to the earlier allocations made for development within the Mat-Su Borough (MSB) to the Little Susitna River.

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SENATOR KIEHL said it appeared that this project was not shovel ready, such that this funding would relate to activities prior to applying for permits.

MR. WEITZNER said this work is necessary to get the West Susitna Access Project to a full access project. He explained that the funding was similar to funding for the DeLong Mountain Transportation System and the Ambler Access Projects. This funding would be used to conduct field work and wetlands studies under the NEPA permitting process to arrive at the Record of Decision which would define the route. The Ambler Access Project led to a Record of Decision and is in the final feasibility phase, he said.

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SENATOR KIEHL related his understanding that these GO Bond projects were ones that could be built right away or within 18 months. He asked him to explain the process that gets the project to a pre-permitting process in lieu of a shovel ready project or one that could begin within 18 months.

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MR. STEININGER acknowledged that most of this package was directed towards shovel ready projects. The West Susitna Road Access project was added as an effort to move the project forward due to its long-term economic potential.

SENATOR KIEHL related his understanding that if the state is not left with an asset, it would not have a capital project as defined by the Alaska Supreme Court.

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CHAIR MYERS asked what feedback AIDEA has received from residents.

MR. WEITZNER responded that the public comment showed concern about the access, environmental impacts from the road project. However, public comment indicated support due to the economic benefits of the project. He related that AIDEA was in partnership with the Mat-Su Borough for a phased feasibility analysis of the West Susitna Access, which was initiated with the early Roads to Resources (R2R). The Mat-Su Borough (MSB) recognized the benefits of getting to the construction process. This included an estimated 1,000 direct jobs during construction along the access corridor, a greater utilization of Port Mackenzie for enhanced natural resource exports, and ultimately accessing the Yentna Mining District. This project would increase access within the Mat-Su Borough to over 65,000 acres of agricultural land and over 6 million acres of recreational opportunities. The MSB has defined the West Susitna Access Road as a public access road. Thus, the MSB would benefit from opening the area west of the Susitna River. The state and MSB would ultimately benefit from mining royalties, lease payments and port fees generated once mining activities are fully operational in the Yentna Mining District and the other resources along the route. This has been the basis of the discussions with the Mat-Su Borough. The stakeholders within the MSB have articulated their concerns and AIDEA has begun to address them.

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SENATOR SHOWER pointed out that sentiment on this project tended to shake out as "environmentalists against development" or "those favorable to resource development seeking responsible resource development." As the Mat-Su Valley continues to grow, many of its 110,000 residents tend to be generally positive about resource development, especially since this project will provide land, he said.

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CHAIR MYERS turned to page 2 [reference number 63272], Houston Middle School Replacement Major Maintenance Grant Fund, then turned to page 3, Major Maintenance Grant Fund for School Major Maintenance [reference number 45658]. He said this funding is for major maintenance for schools. He asked why this was funded via grant funds rather than funding specific projects.

MR. STEININGER explained that this project was included in the Major Maintenance [Grant] Fund (MMGF) rather than as an individual project off the list. The MMGF funds capital projects put forward by districts to the Department of Education and Early Development (DEED). DEED has a robust process for ranking

and selecting projects on that list based on numerous factors. The reason the administration did not apply the first \$25 million to projects on DEED's list is because changes could occur from the final list preparation and securing the funding. For example, project costs may come in under budget and if so, the funds could flow via the MMGF to the next project on the list.

2:04:50 PM

SENATOR MICCICHE referred to the cut sheet which indicates the maintenance list could be viewed on the education website [<https://education.alaska.gov/Facilities/initial/FY22MaintenanceInitialList.pdf>]. He asked if the priority order would be maintained per this list.

MR. STEININGER answered yes. He explained that DEED has integrity in its process to rank projects which the administration would respect.

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SENATOR KIEHL offered his support for the ranking process. He referred to the [MMGF ranked list]. He related his understanding that the 7th project on the list would total an aggregate of \$26.2 million. He asked how the administration arrived at \$25 million.

MR. STEININGER explained that \$25 million came from a baseline of prior capital projects requested by the department. In prior years, the funding has not been available or has fallen short. The administration decided to use the baseline \$25 million the department has requested every year rather than to target the aggregate amount.

SENATOR KIEHL remarked that this would mean the legislature must then find general fund monies for the difference.

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CHAIR MYERS referred to page 4, Mt. Edgecumbe High School Repairs [reference number 58544] for \$7,882,000.

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SENATOR MICCICHE asked how many students attend Mt. Edgecumbe High School.

MR. STEININGER deferred to DEED to answer.

2:08:04 PM

HEIDI TESHNER, Director, Finance and Support Services Division, Department of Education and Early Development (DEED), Juneau, Alaska, stated that this school year 374 students were enrolled, but the average enrollment usually ranged from 400 to 425 students.

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SENATOR MICCICHE asked for details on the school's repairs. He pointed out that the average replacement in the Mat-Su or Houston was \$9 million so he would like to learn more about the \$7.8 million in repairs.

MS. TESHNER agreed to do so. She elaborated that the \$9 million for the Houston Middle School was additional funding to complete the \$34 million total costs of the project.

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SENATOR BISHOP related his understanding that that DEED owns Mt. Edgecumbe. He recalled that the boys' dormitory was an old WWII barracks. Further, most students receive room and board at the school and other students house with a host family, he said.

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CHAIR MYERS brought up pages 5-12, the Fairbanks Pioneer Home roof and Flooring Replacement [reference number 45518], Fairbanks Youth Facility [reference number 45505], Palmer Alaska Veterans and Pioneers Home Roof Replacement [reference number 63262], Alaska Vocational Technical Center (AvTec) [reference number 48821], Alaska Public Safety Communication Services System Upgrade [reference number 54931] and there were no questions.

CHAIR MYERS turned to page 13, Alcantra Armory and Arc-Flash Improvements [reference number 63232] for \$1.675 million.

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SENATOR KIEHL said he reviewed the detail sheets. He asked if this request was for major maintenance.

MR. STEININGER indicated the department brought this project forward several times.

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SENATOR SHOWER indicated this project was in his district. He indicated it is a secondary command and control center. He said he has toured the building and the ceiling tiles are falling down. It was used during the recent earthquake but it was a

nightmare to make it work. The Department of Military & Veterans Affairs (DMVA) has requested these upgrades for a number of years. He indicated a much larger future project would create a new complex. He highlighted that the Alcantra Armory has issues.

[2:13:19 PM](#)

STEPHANIE RICHARD, Director, Division of Administrative Services, Department of Military & Veterans Affairs (DMVA), Anchorage, Alaska, said the Alcantra Armory is used as a secondary command and control center for DMVA, as the National Guard Joint Operation Center, and as the State's Emergency Operations Center. This funding request would help bring the facility up to state, federal, and National Guard Bureau codes. She said a big portion of the funding is for electronic upgrades, sleeping facilities, and preventative maintenance. The safety aspect is for the Arc-Flash improvements to protect the occupants working on electrical and electronic systems. She summarized that the funding was to bring this facility up to date to serve as a Secondary Command and Control Center.

SENATOR KIEHL said he was not questioning the need for the project, but merely pointing out that routine maintenance is not eligible for GO Bonding as per the attorney general's ruling in the 1990s. He suggested that the funding may need to come from some other source.

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CHAIR MYERS turned to the Heney Range Shelter Replacement [reference number 63229] on page 15, then the Statewide Tower Lighting System Replacement [reference number 63230 on page 16, the Summit Lake Foundation Repairs [reference number 63231] on page 18 and noted no questions. He turned to the Arctic Strategic Transportation and Resource Project Survey, Coastal Hazard Assessment, and Petroleum Geology Fieldwork [reference number 62649] on page 19.

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SENATOR KIEHL said the backup outlines surveying and field work but he does not see a tangible asset outcome for the state.

MR. STEININGER deferred to Mr. Masterman.

[2:17:14 PM](#)

STEVE MASTERMAN, Director, Division of Geological and Geophysical Surveys (DGGs), Department of Natural Resources (DNR), Fairbanks, Alaska, explained that the project consisted

of sand and gravel survey resulting in an enhanced understanding of the sand and gravel resources across the North Slope. This information will be public information that will be helpful for communities and resource developers for community roads and airports, he said. The Coastal Hazards relates to data collection on erosion rates and flooding. It would identify areas near North Slope coastal communities that are vulnerable to flooding and coastal erosion. This data could help the coastal communities protect against erosion and flooding. Petroleum geology field work will provide publicly available geological information on oil and gas resources on state land between the National Petroleum Reserve in Alaska (NPR) and ANWR [Arctic National Wildlife Refuge]. He explained that this was included as a capital project because DGG's small operating budget does not have resources allocated for this work.

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SENATOR MICCICHE pointed out that in 2017, the legislature appropriated \$7.3 million for the initial field work on ASTAR [Arctic Strategic Transportation and Resources]. The legislature voted in support of the ASTAR project as a whole. He asked if the 2017 funding was insufficient since it does not seem like this funding was for a new phase.

MR. MASTERMAN explained that part of the work in Phase 1 was to identify data gaps. Phase 2 was the next step to fill in the data gaps that were identified in Phase 1, including sand and gravel work, flood and erosion, and petroleum geology work.

[2:21:28 PM](#)

JEFF BRUNO, Large Project Coordinator, Office of Project Management and Permitting, Department of Natural Resources (DNR), Anchorage, Alaska, acknowledged this funding was for the next phase of the project. Initially, Phase 1 provided funds for stakeholder engagement in communities in the North Slope Borough, which resulted in numerous reports. This funding will identify the data gaps. He reported that gravel was an important consideration since it was expensive to transport. Identifying local locations of quality sand and gravel could help communities move closer to achieving priority infrastructure projects.

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SENATOR MICCICHE said the summary talks about facilitating oil and gas leasing and complementary planning efforts. He related his understanding that the \$7 million was not used since the

department already has an oil and gas division that works on leasing.

MR. BRUNO explained ASTAR's focus was on federal lands and to help communities interact and move community projects forward. He acknowledged that the oil and gas leasing sometimes overlap with ASTAR but phase 2 has a different focus.

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SENATOR BISHOP asked for the total cost of the project to get to a final investment decision. He asked them to get back to the committee. He further asked for an assessment on community outreach along the route.

MR. BRUNO replied that the goal was to give communities significant control over projects, including adding and subtracting projects. The communities need significant infrastructure, especially on projects that do not open access to the public. He indicated significant community support for ASTAR which has been one of the big successes of this program. He highlighted that this was in partnership with the North Slope Borough, including borough funding for the project.

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CHAIR MYERS recalled he mentioned that the projects were primarily on federal lands. He said it seems like the state is doing the federal government's capital project.

MR. BRUNO acknowledged that the state coordinates with the federal government and partners on projects. He stated that the state considers extending infrastructure to places with resource development potential. The state enjoys a number of benefits from the projects, he said.

[2:26:56 PM](#)

CHAIR MYERS asked if the federal government would also provide funding for the program later.

MR. BRUNO responded that it depends on the program. The Bureau of Land Management [BLM] and the North Slope Borough helped fund the gravel survey. DNR also looked at the gravel survey in the east region of the NPRA near the Colville River and towards the community of Utqiagvik. He offered his view that the federal government tends to partner with the state rather than locate the gravel resources but it has been successful.

[2:28:05 PM](#)

MR. MASTERMAN added that each of the three components have leveraged federal funds to assist DNR with its efforts. He stated that the Coastal and Hazards portion has leveraged funds from the Denali Commission, and ANTHC [Alaska Native Tribal Health Consortium] just finalized a \$1.1 million grant to DNR. DNR anticipates receiving over \$1 million for the petroleum geology and is leveraging funds on all phases of this project, he said. He characterized the project as having good participation.

[2:28:58 PM](#)

CHAIR MYERS turned to the Fairbanks to Seward Multi-Use Recreation Trail [reference number 63332] on page 22. He asked for an estimated completion date for the trail.

MR. STEININGER answered that the \$13.2 million was for planning and construction activity, including campgrounds, trail connections, restrooms, and signage.

[2:30:17 PM](#)

RICKY GEASE, Director, Division of Parks and Outdoor Recreation, Department of Natural Resources (DNR), Anchorage, Alaska characterized the Fairbanks to Seward Multi-Use Recreation Trail as a worthy group of projects. He indicated that most of the funds would be used for construction projects listed, including reroutes in Chugach State Park, constructing the Mat-Su Convention and Visitors Bureau Gateway Visitors Center, constructing a series of huts in Denali State Park Hut, trail expansion in Denali State Park from Curry Ridge Trail to Kesugi Ridge and connecting trails in the Equinox Marathon Travel Completion project throughout central Fairbanks. This funding would primarily be focused on the trail work. He pointed out that the organization Alaska Trails has put forth additional effort on this project, which adds to components of the Alaska Long Trail Project [also known as the Long Trail].

[2:31:38 PM](#)

SENATOR MICCICHE highlighted that the state faces critical highway integrity projects and crumbling schools. He asked how this project rose to the top when considering key priorities throughout the state.

MR. GEASE explained that these projects were identified as priorities in the Alaska Trails Spring 2020 documents. That nonprofit organization has done further work on it and refined the list. The concept for the Alaska Long Trail was to have a signature trail in Alaska like the Appalachian Trail or Pacific

Crest trail system. The Fairbanks to Seward component would add a quiver into the independent travel market. This past year DNR has seen a record number of Alaskans out recreating and a continuing segment of independent travelers. The cruise ship market has been at a standstill. This is one of the highest priority projects for the outdoor recreation industry moving forward, he said. The individual components could be considered a work in progress. He stated that inclusion of this project in the GO Bond proposal could fund a variety of trail projects and get the Long Trail much closer to completion.

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SENATOR MICCICHE asked him to provide the committee with a comprehensive plan. He said he is philosophically supportive of the Fairbanks to Seward trail system. However, he would like to better understand how these individual projects move that project forward. It would seem like the first step would be to build the trail and adding nice components would come later. He expressed an interest in knowing how these individual projects were selected.

MR. GEASE said he would do so. He related his understanding that Alaska Trails was working with OMB to prepare materials to share with legislators.

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SENATOR BISHOP asked for the annual operation and maintenance costs once the trail work was completed.

MR. GEASE answered that maintenance costs would depend on how well the trails were initially constructed. DNR focuses on designing trails to sustainable standards. Typically, the trails would have a 10-to-30-year life span, depending on the location. For example, trails through a rain forest in Kachemak Bay with longer growing seasons result in the need to prune and clear the trail more frequently which leads to higher maintenance costs. However, a trail going over an alpine tundra zone on the Kesugi Ridge should last longer. DNR has found that using sustainable design and building trails to last rather than constantly repairing them has proven to be cost effective, he said.

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SENATOR BISHOP highlighted that the trails would still have annual maintenance and operation costs, which the legislature will need when the bill goes to Senate Finance.

MR. GEASE agreed to provide annual maintenance and operation costs. He explained that the Long Trail was not exclusively in Alaska State Parks. Although it goes through some of the state's parks, including the Denali State Park and Chugach State Park, other components would include maintenance and operation costs.

[2:38:49 PM](#)

CHAIR MYERS turned to the Statewide Firebreak Construction Program, [reference number 62961] on page 23. He asked for more detail on the firebreaks such as their location. Alaska is a large state and firebreaks cannot be placed everywhere, he said.

MR. STEININGER deferred to Norm McDonald.

[2:39:56 PM](#)

NORM MCDONALD, Program Manager; Chief, Wildland Fire and Aviation Program, Division of Forestry, Department of Natural Resources (DNR), Palmer, Alaska, agreed that the request did not provide a lot of information. These projects have been federally funded since 2001 through grants, primarily the Western Wildland Urban Interface Grants (WUI). The grants focus on wildlands with most of the projects in larger communities or along the highway system. Some projects are ongoing in some villages in Western Alaska related to high danger hazard areas. He explained that part of this funding would cover maintenance of existing fuel breaks, which is not covered by grant funding. Depending on the fuel type, maintenance would be done every 10 to 30 years. For example, the Murphy Dome firebreak protected homes valued at \$300 million during the Shovel Creek fire. It took about ten years to create that fire break. It was completed in about 2010 but is in need of maintenance, he said. The division's program currently has about \$9.3 million of unfunded firebreaks [also known as fuel breaks]. This funding will provide ongoing strategic planning, with the division assisting communities to develop their Community Wildfire Protection Plans. The Division of Forestry and other protection agencies would work with local governments to identify hazard fuel areas and evacuation routes. He offered to provide a list of projects to the committee.

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SENATOR SHOWER related that the Mat-Su Borough allows the public to cut firewood in certain areas or to remove cut firewood from designated areas. The MSB has also been discussing selling timber to Asian markets, he said. He offered to discuss this outside the meeting.

MR. MCDONALD acknowledged that the division was aware of discussions for timber sales. He stated that there was an ongoing effort to make firewood available to locals. Some of these projects are large scope and involve local contractors and heavy equipment, he said.

[2:43:34 PM](#)

CHAIR MYERS requested a priority list.

MR. MCDONALD agreed to provide a priority list.

[2:44:01 PM](#)

SENATOR MYERS referred to Statewide Park Sanitation and Facility Upgrades, [reference number 43321] on page 24.

[2:44:12 PM](#)

SENATOR KIEHL related his understanding that the Division of State Parks has a deferred maintenance/major maintenance list of over \$20 million. He asked how the department set the cut point at \$2 million.

MR. STEININGER explained that many of these projects stemmed from prior capital project requests that could not be accommodated. DNR put forward this request as its highest priority item.

SENATOR KIEHL recalled earlier testimony on the value of attracting independent travelers to the state. He said it was a shame to see this bond request for such a small amount.

[2:45:33 PM](#)

SENATOR KIEHL highlighted that several prior attorneys general opinions indicated that maintenance was not considered as a capital project for the purposes of the [Alaska] Constitution's requirement on bonding. He noted several items on the request, including insulating a pump house and replacing bunks. He asked how these projects can be considered as capital projects under the Alaska Constitution.

MR. STEININGER explained that maintenance on state facilities often use "maintenance" when it actually refers to replacement or upgrade of facilities. It is not really annual maintenance or deferred maintenance, he said. The strictest definition would be to bring it to its initial working condition. He related that these projects go beyond patching a roof or cleaning items. These items would include replacing facilities with more functional or attractive ones. He acknowledged that some

projects might fall in a gray area. He related that this list of projects was sent to the Department of Law prior for review. The administration believes these items will be allowable for bonding, he said.

[2:48:10 PM](#)

SENATOR KIEHL asked Mr. Steininger if he would share some of the Department of Law opinions.

MR. STEININGER said he would discuss this with the Department of Law.

[2:48:31 PM](#)

CHAIR MYERS referred to the Wildland Fire Engine Replacement, [reference number 33955] on page 29.

SENATOR KIEHL pointed out that in 1979 the attorney general ruled that fire engines are not considered capital improvements for the purpose of the [Alaska] Constitution's limit on bonding.

MR. STEININGER offered to discuss this with the Department of Law (DOL) and report back to the committee.

SENATOR MICCICHE stated this issue was worthy of discussion. He said it would be nice to have those answers.

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CHAIR MYERS said the committee would take this request up at a future hearing to give the administration a chance to respond.

[2:49:55 PM](#)

SENATOR MYERS turned to Wildland Firefighting Aircraft Replacement [reference number 54937] on page 30. He acknowledged that Senator Kiehl's capital project eligibility objection would apply.

[2:50:06 PM](#)

SENATOR SHOWER indicated that he does not agree that the Shrike Commander was the right aircraft for the division. He suggested that the Cessna Caravan aircraft would be better. Although the Caravan is slower it also had the other capacities, he said. He acknowledged the need for an aircraft for the firefighting efforts. He offered to discuss this proposal outside the meeting.

[2:51:19 PM](#)

MR. STEININGER indicated he would ask Norm McDonald and Cheri Lowenstein [Office of the Governor] to contact him.

[2:51:29 PM](#)

CHAIR MYERS turned to Alaska Wildlife Troopers Marine Enforcement Repair and Replacement, [reference number 63160] on page 34, then to Boating Upgrades, Haul Outs, and Vessel Replacement [reference number 63164] on page 36.

SENATOR KIEHL asked for more detail on the two medium class vessels and their purpose, such as Wildlife trooper patrols or Trooper patrols and where the vessel would be used.

MR. STEININGER offered to research this and report back to the committee.

[2:52:45 PM](#)

CHAIR MYERS turned to Airport Way Improvements [reference number 63303] on page 37. He turned to Anton Anderson Memorial (Whittier) Tunnel [reference number 63300] on page 38.

[2:53:15 PM](#)

SENATOR SHOWER expressed an interest in obtaining additional information.

MR. STEININGER agreed to do so.

[2:53:40 PM](#)

SENATOR MICCICHE offered his support for public safety and transportation projects but stated he was somewhat resistant on other projects.

[2:54:14 PM](#)

CHAIR MYERS turned to the Bethel Airport [reference number 63287] on page 39.

SENATOR KIEHL said it appears as though the Bethel Airport project is AIP [Airport Improvement Project] eligible. He asked the reason to request 100 percent bonding for this project.

MR. STEININGER explained that some airport projects are AIP eligible and other projects may not be. He deferred to John Binder, Department of Transportation and Public Facilities to respond. He pointed out that AIP airport projects were similar to how DOT manages highway projects by proposing bonding for the match.

SENATOR KIEHL asked if he said that the GO Bond projects could be reallocated.

MR. STEININGER explained the way that the administration funds federal highway STIP projects was to bond for the state match. In the same way, if airport project turned out to be AIP eligible projects, this might be a better funding process. He explained that when the administration compiled its list of airports requiring funding, it considered the distribution of funding to airports throughout the state in terms of projects that could be quickly deployed and for geographic distribution. He reiterated that Mr. Binder could speak to the specific projects and identify the AIP eligible ones.

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SENATOR SHOWER expressed his interest, generally, in obtaining more detail on airport projects. For example, the state has recurring expenses for airport lighting. It would be relevant to consider if this is due to vandalism or to identify the cause of lighting problems rather than to continue to fund replacements. Communities have some responsibility to police their airports, he said.

[SB 74 was held in committee].

[2:58:50 PM](#)

There being no further business to come before the committee, Chair Myers adjourned the Senate Transportation Standing Committee meeting at 2:58 p.m.