

ALASKA STATE LEGISLATURE
SENATE TRANSPORTATION STANDING COMMITTEE

March 4, 2021

1:42 p.m.

MEMBERS PRESENT

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

MEMBERS ABSENT

Senator Click Bishop

COMMITTEE CALENDAR

PRESENTATION: DIVISION OF MOTOR VEHICLES LOCATION TRANSITIONS

- HEARD

CONFIRMATION HEARING(S):

Board of Marine Pilots
Richard Harris - Juneau
Lucas Hasenbank - Anchorage

- CONFIRMATIONS ADVANCED

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

KELLY TSHIBAKA, Commissioner
Department of Administration
Juneau, Alaska

POSITION STATEMENT: Presented a PowerPoint on the Division of Motor Vehicles Location Transitions.

JEFFREY SCHMITZ, Director
Division of Motor Vehicles
Department of Administration

Anchorage, Alaska

POSITION STATEMENT: Answered questions during the presentation on the Division of Motor Vehicles Location Transitions.

RICHARD HARRIS, Appointee

Board of Marine Pilots

Department of Commerce, Community and Economic Development

Juneau, Alaska

POSITION STATEMENT: Testified as appointee to the Board of Marine Pilots.

LUCAS HASENBANK, Appointee

Board of Marine Pilots

Department of Commerce, Community and Economic Development

Anchorage, Alaska

POSITION STATEMENT: Testified as appointee to the Board of Marine Pilots.

ACTION NARRATIVE

[1:42:41 PM](#)

CHAIR ROBERT MYERS called the Senate Transportation Standing Committee meeting to order at 1:42 p.m. Present at the call to order were Senators Kiehl, Shower, and Chair Myers. Senator Micciche arrived as the meeting was in progress.

PRESENTATION: Division of Motor Vehicles Location Transitions

[1:43:31 PM](#)

CHAIR MYERS announced that the business before the committee would be a Presentation: Division of Motor Vehicles Location Transitions.

[1:44:35 PM](#)

JEFFREY SCHMITZ, Director, Division of Motor Vehicles (DMV), Department of Administration, Anchorage, Alaska, introduced himself.

KELLY TSHIBAKA, Commissioner, Department of Administration, Juneau, Alaska began a PowerPoint on the Department of Administration (DOA)'s budget proposal to transition six DMV offices to public-private partnerships (PPP).

[Original punctuation provided]

[1:44:57 PM](#)

COMMISSIONER TSHIBAKA read the Transition Overview on slide 2:

Transition Overview

Public-Private Partnerships Will Provide Stability, Efficiency for Local DMVs Across Alaska

The State of Alaska has a long history of successful partnership with private-sector businesses to improve service offerings to Alaskans

Public-private partnerships for DMVs will allow the state to share cost burdens with a private-sector partner, create more local jobs, improve access, and provide faster service for Alaskans who must visit a DMV in-person

DMV will be able to reduce leasing and overhead expenses and also give more back to the General Fund, addressing budget concerns and allowing for private businesses to develop and grow in communities

No state revenues will be diminished under this plan, as most transactions are done online and processed by DMV employees

No jobs will be lost during this transition; only vacant PCNs will be eliminated.

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COMMISSIONER TSHIBAKA discussed in-person DMV transactions on slide 3. She highlighted the five primary reasons why Alaskans need to visit DMV. She offered her view that DMV staff has done a fantastic job of digitizing many of its services. She reviewed them:

Alaska's Division of Motor Vehicles is required by statute to process certain transactions in-person:

Original driver license/ID issuance (every 15-16 years)

Second driver license renewal (every 15-16 years)

Senior citizen driver license renewal (every 8 years after one turns 69)

The DMV does not yet have an online solution for these items that are currently performed in-person at a DMV

Driver license reinstatement

Knowledge testing

COMMISSIONER TSHIBAKA stated that about 95 percent of DMV transactions can be completed entirely online or via the mail.

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CHAIR MYERS asked if 95 percent was by type or volume.

COMMISSIONER TSHIBAKA clarified that 95 percent of all transactions could be done online.

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SENATOR KIEHL suggested that percentage is misleading based on projecting the average number of times his family of four must go in-person for DMV services. He estimated his family would average 6 trips every 4 years rather than 1 time every 15-16 years.

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CHAIR MYERS expressed his concern that commercial vehicle transactions are not listed. He said he holds a commercial driver's license (CDL), which cannot be renewed online. CDLs are valid for five years, he said.

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COMMISSIONER TSHIBAKA remarked that the power to change statutes rests with the legislature. She suggested the legislature could change license renewals for seniors and non-seniors to allow renewals by mail or online by providing doctor verifications that their eyesight is fine.

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SENATOR SHOWER asked what historical data DMV must show that these figures are accurate. He expressed an interest in pursuing potential statutory changes or regulatory changes to extend requirement timelines ever further to minimize impacts to the public. He solicited her recommendations for changes and whether these changes would require statutory changes or be implemented by regulation or policy changes.

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COMMISSIONER TSHIBAKA answered that the driver license and senior renewals are in statute. She deferred to Mr. Schmitz to address the data.

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MR. SCHMITZ stated that the division tracks customer trends. In the last three years, more and more Alaskans used online services to accomplish their DMV transactions. During the pandemic, this trend was even more noticeable. In 2020, record numbers of first-time users and other customers chose to use mail and online services for DMV transactions. These trends provide a compelling reason for the department to bring this proposal before the committee today, he said. He stated that electronic options provide a safe and efficient means for people to accomplish DMV tasks such as vehicle registration.

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SENATOR SHOWER reiterated his interest in obtaining information that supports allowing seniors to renew their licenses every 9 or 10 years to reduce the time seniors spend standing in DMV lines.

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SENATOR KIEHL expressed an interest in obtaining data for the three years pre-pandemic to identify how often Alaskans choose to access DMV services online.

SENATOR SHOWER surmised that most people are unaware that many DMV transactions can be done online. He suggested the department should conduct public outreach to inform people about online services.

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COMMISSIONER TSHIBAKA discussed the additional fees the public-private partnership vendors will charge consumers [referring to a slide not in the PowerPoint presentation in members' packets].

[1:57:51 PM](#)

CHAIR MYERS pointed out this slide is missing in members' packets.

COMMISSIONER TSHIBAKA offered to provide it to the committee but for now would refer to the slide shown on the screen that members can view.

COMMISSIONER TSHIBAKA said this slide shows the cost to transition to a public-private vendor. She explained that a private partner vendor would offer DMV services and charge an additional fee for services. She directed attention to the slide that shows transaction types, what DMV currently charges and the

fees private-partner offices [also known as UMV] charge. She pointed out that private partner offices have the latitude to establish their own fees for services. For example, registration renewal fees are \$110 plus tax at DMV and \$132 plus tax at UMV so the difference in fees is \$22.

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SENATOR SHOWER pointed out duplicate registration fees and identification cards are significantly more at U MVs. He has heard concern expressed about the higher costs, especially from seniors or others on fixed income. He asked if DMV would retain the same fees and private partners will just add on their cost for services. He pointed out that the additional costs would be passed on to consumers.

COMMISSIONER TSHIBAKA answered that this proposal is a creative proposal intended to bridge the department's \$2 million budget gap without significantly changing services to Alaskans. All the services on the list can currently be accomplished online or by mail. One exception is real ID, which is not required by TSA since passports, military identification, tribal identification, or veteran's identification can be used for travel. Another exception is the previously mentioned driver's license renewal, which the legislature could address by statute.

COMMISSIONER TSHIBAKA said the state would retain all the revenue it normally would receive.

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SENATOR KIEHL said this raises the structural question of identifying what the purpose of DMV is.

COMMISSIONER TSHIBAKA answered that DMV provides core services to Alaskans to keep roads safe and keep them moving in a manner that provides customer interface. One way to provide services is via public-private vendor contracts, she said.

SENATOR KIEHL disagreed. Those are important tools but DMV is a government regulatory agency established to register and prove ownership of vehicles, to test knowledge and skills of drivers and to provide other public safety functions. These transactions are essential to do that well. He wanted to get at the governmental purpose of the additional fees via the public-private offices. He offered his support for private business but would like to better understand the role of a regulatory agency creating private businesses where there were none.

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COMMISSIONER TSHIBAKA said the Department of Administration (DOA) does view this as creating businesses. DMV has had a long-standing practice of entering into public private UMs. Some public-private vendors date back to the 1980s, she said. She pointed out challenges to provide DMV services given Alaska's size and unique communities. She reiterated DMV's role, which is to keep roads and Alaskans safe. Instead of viewing DMV services as a regulatory function, the department views DMV as providing safety. DMV was previously located within the Department of Public Safety. She offered her view that DMV is implementing creative and innovative strategies, including its online capabilities. DMV's proposal is to leverage its business partners to meet DMV's mission and to reduce costs.

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SENATOR SHOWER asked for a cost comparison of fees customers pay at the Delta Junction DMV and what UMV companies charge to provide the same service.

COMMISSIONER TSHIBAKA offered to provide the data.

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COMMISSIONER TSHIBAKA discussed the status of transitioning six offices to public-private partnership on slide 4.

She reported that the department has secured a private partner UMV in Delta Junction to provide DMV services and that vendor is willing to open an office in Tok. The department is currently holding active discussions for qualified private partners in Homer, Eagle River, and Valdez and is actively recruiting for one in Haines, she said.

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SENATOR SHOWER asked how long UMV at Delta Junction has operated and if there is any public feedback.

COMMISSIONER TSHIBAKA deferred to Mr. Schmitz.

MR. SCHMITZ answered that the private UMV opened in Delta Junction in December 2020. He offered his view that it has gone well, that no negative feedback has been received.

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SENATOR SHOWER said his constituents have asked the reason the administration is closing DMV offices. He acknowledged that the commissioner has indicated DMV offices are transitioning to a

UMV models. However, if offices were to close it could adversely impact his constituents since the nearest office could entail a six-hour drive.

COMMISSIONER TSHIBAKA responded that the department intends to transition to public-private offices. She said she cannot share specific UMV vendors due to contract negotiations. However, the department does not intend to transition or close any other DMV offices currently.

SENATOR SHOWER asked for confirmation that none of DMV proposed U MVs will shut down and all other DMV offices will continue to operate. He related his understanding that under the proposal six DMV offices will transition to public-private U MVs.

COMMISSIONER TSHIBAKA answered that the department only has the authority to operate or not operate DMVs. Although DOA is actively working to transition DMVs to private-partner U MVs, the department cannot force a private sector business to open an office. However, DOA can be strategic in choosing locations that are attractive to businesses. This is what it has done when selecting these six locations and why the department has been successful in its negotiations, she said.

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SENATOR SHOWER asked if the department has an alternate plan for providing services if the department closes a DMV office and the public-private U MV contract falls through.

COMMISSIONER TSHIBAKA explained that technically the DOA plans close the six DMV offices and transition to public-private U MVs. However, Delta Junction has already transitioned to a public-private U MV. She reiterated that the Delta Junction U MV is also ready to open an office in Tok. If something were to fall through, the department would recruit the next vendor on the list, she said.

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SENATOR SHOWER asked if all the potential vendors declined to enter into public-private U MV contracts, whether the department could reopen DMVs. He expressed concern about the Valdez DMV office.

COMMISSIONER TSHIBAKA responded that the department could consider reopening the Valdez DMV office.

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SENATOR KIEHL recalled that the commissioner selected the locations due to their high chance of success. He pointed out that these six sites are "midrange" size DMVs in terms of the population served. He asked whether the department would have better success by opening UMVs to serve Alaska's larger cities. If UMVs do not create inconveniences to Alaskans, the department should consider transitioning the Anchorage, Fairbanks, Juneau, Ketchikan, and Bethel offices to private-public UMVs.

COMMISSIONER TSHIBAKA pointed out that some UMVs currently operate alongside DMVs in the larger cities. She stated that the private-partner UMV locations were selected because the communities were on a transportation hub system, had good internet capability, and the leases were expiring. If an office did not open, residents could drive to another hub.

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SENATOR KIEHL suggested her response provided the rationale for why the department did not select smaller towns. However, he would like the rationale the department used to select midrange offices rather than larger cities, since Anchorage and Fairbanks are Railbelt cities with reliable internet capabilities.

COMMISSIONER TSHIBAKA answered that the department considered the number of transactions and what could be done online. She pointed out that Eagle River is a significant-sized community on the list. The department wanted to start with somewhat smaller communities but she expressed a willingness to consider other locations.

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COMMISSIONER TSHIBAKA discussed the commercial drivers in Tok on slide 5:

Tok serves as a commercial permitting hub for commercial drivers entering Alaska from Canada. This proposal provides options for those drivers to obtain proper permits.

Drivers who enter Tok and are not able to access the DMV can continue to Delta Junction or Glenallen, or check in at the Tok Weigh Station to obtain permits

Tok Weigh Station Hours (insert open hours)

Commercial truckers can purchase a 30- day temporary registration for \$350 from DOT online

[2:21:58 PM](#)

CHAIR MYERS said he holds a commercial driver's license. He disagreed that drivers who enter Tok and are not able to access the DMV can continue to Delta Junction or Glenallen. He said the Tok weigh station enforcement officer would cite and fine him if he proceeded to Delta Junction for DMV services to be compliant. He offered his view that this would likely change the relationship between drivers and commercial enforcement officers from one of assisting driver compliance to a more punitive one.

COMMISSIONER TSHIBAKA asked for clarification on how commercial vehicle enforcement and DMV currently works in Tok.

CHAIR MYERS answered that if a commercial driver arrived at the Tok weigh station at 5 a.m. and needed CDL or vehicle services, the driver could wait until DMV opened and remedy the issue. If drivers do not bypass the scales, the commercial enforcement officers would be amenable. It might mean the driver would need to disconnect the trailer or find a ride from the weigh station to DMV to get the registration issue resolved. However, it would create an issue if the driver needed to drive to Glenallen or Delta Junction for DMV services.

COMMISSIONER TSHIBAKA highlighted that DOA would need to coordinate this with the Department of Transportation and Public Facilities (DOTPF) during the transition to public-private UMS.

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CHAIR MYERS asked for a list of commercial vehicle violations that could be addressed at DMV but not online.

COMMISSIONER TSHIBAKA offered to research this and report back to the committee.

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COMMISSIONER TSHIBAKA reviewed DMV service types provided in FY18 to FY20 on slide 6, which read:

Vast majority of transactions are completed online,
processed by DMV in Anchorage

For transactions that can be done online OR in-person,
costs are the same to Alaskans

COMMISSIONER TSHIBAKA continued to review DMV service types provided in FY18 to FY20 on slide 6, which read:

DOA is open to legislative proposals to further reduce in-person transactions

She referred to the pie chart 57 percent, 38 percent, 5 percent.

COMMISSIONER TSHIBAKA offered to provide the committee with more detailed information if needed.

[2:26:24 PM](#)

COMMISSIONER TSHIBAKA reviewed the proportions of the population served in the six proposed public-private UMV communities on slide 7.

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SENATOR MICCICHE joined the meeting.

SENATOR MICCICHE pointed out a certain percentage of the population lacks online access, that some people face generational issues and others avoid the internet. He asked how this proposal will affect those people. He referred to her statistics, that 83 to 95 percent of DMV transactions could be done online or via the mail. He asked whether the department factored in those who lack online access or have generational issues and cannot easily use online or mail services.

COMMISSIONER TSHIBAKA answered that people who do not want to use the internet can execute their transaction through the mail or could use the call center to assist them. For example, the call center could send them a form via the US Postal Service (USPS).

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SENATOR MICCICHE asked if senior citizens in Homer can renew their licenses or take knowledge tests online.

COMMISSIONER TSHIBAKA answered that it would depend on their ages. It would take a statute change to allow some seniors to use online or mail transactions. A doctor could evaluate the person's ability to drive and issue a statement that the elder person could drive.

COMMISSIONER TSHIBAKA reported that some states have piloted online knowledge testing. The department seeks to ensure that

people do not take "open book" knowledge tests. The department is discussing how to offer remote knowledge testing in ways that will ensure drivers assimilate the material to keep roads safe.

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SENATOR MICCICHE commented that Soldotna has two private options. He was unsure whether any options exist for Homer. He asked if the department evaluated the distances that people would need to travel to obtain testing.

COMMISSIONER TSHIBAKA answered yes. She said that she is highlighting the public-private proposal, but no decision to close the offices has been made. She reported that the department is currently in the process of finalizing a contract with a public-private partner for Homer.

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SENATOR KIEHL pointed out that the Haines population figures were off by about 50 percent. The department may have used only the city population and not the borough. He asked for the pre-pandemic data for in-person transactions since in-person transactions were down in 2020 during the pandemic.

COMMISSIONER TSHIBAKA offered to research this and report back to the committee.

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SENATOR SHOWER pointed out that the Delta Junction population is closer to 4,000. He expressed interest in knowing any regulations that were cancelled during the pandemic.

COMMISSIONER TSHIBAKA offered to research this and report back to the committee.

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CHAIR MYERS suggested that rather than use public-private partnership vendors, the department should consider DMV sharing office space with the Alaska State Troopers since the six proposed UMV locations currently have trooper stations. Further, DMV was previously located within DPS, so consolidating the offices could save money.

COMMISSIONER TSHIBAKA responded that this option would not save money since the funding would come from two different departments. She recalled thinking of DOA's alignment. The department held discussions with DPS about restoring DMV within the agency, but it was not workable, so DOA considered how to

best serve Alaskans but still address the budget concerns. The DOA has other ideas about modernization and digitization of services it can share. Right now, the department is focusing on its proposal to develop public-private UVMS in six communities.

CONFIRMATION HEARING(S)
Board of Marine Pilots

[2:37:30 PM](#)

CHAIR MYERS announced that the business before the committee would be Confirmation Hearings for the appointees to the Board of Marine Pilots.

[2:38:03 PM](#)

RICHARD HARRIS, Appointee, Board of Marine Pilots, Department of Commerce, Community and Economic Development (DCCED), Anchorage, Alaska, stated he is seeking reappointment to the board. He provided his background, including that he served in the United States Army and he earned a Bachelor of Science in Fisheries from the University of Washington. He served as a project manager for Southeast Regional Aquaculture Association, working on salmon enhancement programs. In 1980, he began working for Sealaska Corporation, holding various positions, including Environmental Manager, Senior Vice President and Executive Vice-President. He stated that he has extensive experience in natural resource management and public policy development. Although he is not a marine pilot, he understands their requirements since Sealaska Corporation chartered ships and marine pilots were a vital part of the process to ship logs to worldwide markets.

MR. HARRIS said he brings to the board his knowledge of marine pilots and their role in facilitating commerce and safe passage of cargo and cruise vessels. His family worked in the cruise ship industry so he has a familiarity with the industry. As the public member on the board, he works to ensure Alaska residents of the rigorous control and safe passage of vessels throughout Southeast Alaska waters.

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SENATOR KIEHL asked for his perspective on any issues the legislature should address.

MR. HARRIS highlighted that marine pilots must pay for their initial training out of pocket. He explained that marine pilots have historically been given special fares or free staterooms and passage on the Alaska Marine Highway System (AMHS) vessels. This access has given marine pilots experience in many ports that differs from cargo or cruise ships. Since AMHS has reduced

its services, it has terminated those benefits to pilots in training. He said he hoped these benefits could be restored to make it easier for marine pilots to obtain their licenses.

MR. HARRIS reported that the Board of Marine Pilots has changed some regulations and the legislature has updated some statutes related to marine pilots. He said COVID-19 has adversely impacted marine pilots since the cruise industry shut down. However, the marine pilots are ready to resume work and provide services once the industry resumes service.

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SENATOR SHOWER stated he asks the same questions for all appointees to Boards and Commission for the record. He asked whether there was anything in his background that would create any ethical issues, such as arrests, criminal convictions or anything that could be construed as "skeletons in his closet."

MR. HARRIS said he has no issues to report.

[2:46:00 PM](#)

LUCAS HASENBANK, Appointee, Board of Marine Pilots, Department of Commerce, Community and Economic Development (DCCED), Anchorage, Alaska, said he has worked for the Alaska Maritime Agency and in maritime for 18 years. He provided his background, stating he came to Alaska after receiving his Master of Business Administration from the University of South Dakota in 2002. His company acts as ship agents, providing the direct interface with all foreign-flagged ships, such as cruise ships or tankers. Ship agents work to ensure that ships are following state, federal, and pilot regulations. He regularly communicates this information to marine pilots so he has a direct relationship with the pilot associations. He has also served as port agent for four years at the Cook Inlet Harbor Safety Committee and represents the Alaska State Chamber of Commerce on the Prince William Sound Citizens Awareness Council.

MR. HASENBANK said he has attended the Board of Marine Pilot meetings for a decade. He said he would like to serve on the board because it provides safety to his company and Alaskans. He described his experience and familiarity with foreign tanker regulations as a good fit with the board. He has no arrests, no tickets, and no inappropriate social media.

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SENATOR MICCICHE disclosed that he serves as the president of the Cook Inlet Harbor Safety Committee which Mr. Hasenbank

serves as an agent representative. He also asked if his lack of technical pilotage background has any impediment on his service on the board.

MR. HASENBANK replied that would serve as the industry and agency representative, not as a mariner so he does not need pilotage expertise. However, he has 18 years of experience bringing in tankers and vessels in so he understands the federal regulations. His company provides information on winter operating guidelines to all vessels before the ships enter Cook Inlet. This technical information is compiled from the US Coast Guard, marine pilots and local stakeholders and provides vessels with a basic understanding of what requirements they must adhere to in Alaska. He communicates with the vessel operators and if they have any questions he acts as a liaison to provide the information.

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CHAIR MYERS, after first determining no one wished to testify, closed public testimony on the confirmation hearings for Richard Harris and Lucas Hasenbank.

[2:52:46 PM](#)

SENATOR SHOWER stated that in accordance with AS 39.05.080, the Senate Transportation Committee reviewed the following and recommends the appointments be forwarded to a joint session for consideration:

Board of Marine Pilots

Lucas Hasenbank - Anchorage

Richard Harris - Juneau

Signing the reports regarding appointments to boards and commissions in no way reflects individual members' approval or disapproval of the appointees; the nominations are merely forwarded to the full legislature for confirmation or rejection.

[2:53:11 PM](#)

At ease

[2:54:07 PM](#)

CHAIR MYERS reconvened the meeting.

[2:54:40 PM](#)

There being no further business to come before the committee, Chair Myers adjourned the Senate Transportation Standing Committee meeting at 2:54 p.m.