

SENATE FINANCE COMMITTEE  
February 15, 2023  
9:00 a.m.

[9:00:36 AM](#)

CALL TO ORDER

Co-Chair Stedman called the Senate Finance Committee meeting to order at 9:00 a.m.

MEMBERS PRESENT

Senator Lyman Hoffman, Co-Chair  
Senator Donny Olson, Co-Chair  
Senator Bert Stedman, Co-Chair  
Senator Click Bishop  
Senator Jesse Kiehl  
Senator Kelly Merrick  
Senator David Wilson

MEMBERS ABSENT

None

ALSO PRESENT

Katherine Keith, Deputy Commissioner, Department of Transportation and Public Facilities; Mike Anderson, Acting Infrastructure Coordinator, Office of the Governor; James Marks, Director, Program Development, Department of Transportation and Public Facilities.

SUMMARY

PRESENTATION: FEDERAL INFRASTRUCTURE FUNDING IN ALASKA

Co-Chair Stedman discussed the agenda. He relayed that the committee would most likely have several related meetings as it considered the capital budget and //

^PRESENTATION: FEDERAL INFRASTRUCTURE FUNDING IN ALASKA

[9:02:04 AM](#)

KATHERINE KEITH, DEPUTY COMMISSIONER, DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES, introduced herself and discussed her background. She had been appointed as deputy commissioner two months previously. She introduced her team. She offered a brief background of her work with the department.

9:03:00 AM

MIKE ANDERSON, ACTING INFRASTRUCTURE COORDINATOR, OFFICE OF THE GOVERNOR, introduced himself and discussed his background. He had been in his role for three weeks. Before his current role he worked as a special assistant to the governor working on public safety and criminal justice matters.

Co-Chair Stedman asked Mr. Anderson to discuss the number of employees in his office.

Mr. Anderson conveyed that he was the sole member of the office. He recounted that the legislature had allocated a \$1 million budget for a fully staffed office of 4, but currently the office consisted of himself and a private contractor. He said that they were working on a massive "opportunity tracker", trying to track every opportunity for the state and contractors related to the Infrastructure Investment and Jobs Act (IIJA). He relayed that they were in the early stages.

Co-Chair Stedman requested that the presenter pause after each slide for questions.

9:05:30 AM

Mr. Anderson addressed a presentation entitled "Senate Finance: Bipartisan Infrastructure Law in Transportation," (copy on file). He looked at slide 2, " looked at slide 2, "NATIONWIDE IIJA\* IN TRANSPORTATION":

Funds highway programs for five years (FFY 22-26) with \$567.1 B

More than a dozen new programs for highways, bridges, transit, and airports

- Formula: resilience, carbon reduction, bridges, and electric vehicle (EV) charging infrastructure

- Discretionary: bridges, EV charging infrastructure, rural projects, resilience, wildlife crossings, and reconnecting communities

More opportunities for local governments and other non-traditional entities to access new funding.

Mr. Anderson said that the IIJA had been signed into law in November 2022, and was a once in a generation funding package that would address the nation's aging infrastructure. He stated that the legislation would modernize highways and bridges and revitalize the Alaska Marine Highway System (AMHS). He detailed that IIJA included a 5-year reauthorization from FY22 to FY26 (federal fiscal years) of surface transportation programs and direct advance appropriations. He understood that existing formula fund had an increase, while others were discretionary. He said that included were more than a dozen new programs for highways and aviation. He shared that it included the largest federal investment ever in public transit, the largest dedicated bridge investment, and the largest investment in clean energy and electric vehicle infrastructure in the nation's history.

[9:07:26 AM](#)

Co-Chair Hoffman looked at the \$350.8 billion for the Federal Highway Administration reflected on slide 2. He asked whether new roads would be built.

Mr. Anderson answered in the affirmative.

Co-Chair Hoffman asked what involvement the legislature would have in the designation process.

Ms. Keith responded that there was a capital program that included significant construction, which would be discussed with the committee.

[9:08:38 AM](#)

Mr. Anderson spoke to slide 3, "US DOT IIJA FOCUS AREAS":

- Safety
- Climate
- Economic Strength
- Equity

Transformation  
Workforce

Mr. Anderson recounted that the origin of the legislation had included these themes. He thought if the state's needs were married with the list of focus areas they would align. He thought the sub focus of tribes, underserved areas, the impact of changing climate, has been taken into account with the creation of the bill and would be considered when distributing discretionary awards.

[9:10:19 AM](#)

Mr. Anderson referenced slide 4, "FUNDING AVAILABLE TO A RANGE OF RECIPIENTS," which showed a table with a myriad of IIJA programs, and the different eligibility that would empower stakeholders to apply for discretionary grants. He knew that DOT was finding new ways of partnering with organizations such as Southeast Conference and the Prince William Sound Economic District. He expressed pride in the collaboration that was taking place between stakeholders and the administration to capitalize on the funding.

[9:11:37 AM](#)

Mr. Anderson turned to slide 5, "NATIONWIDE FEDERAL-AID HIGHWAY APPORTIONMENTS PROGRAMS," which showed a bar graph. He noted that the United States (U.S) Department of Transportation Federal Highway Administration had released \$59.9 billion, nationwide, in FY23 for programs. The slide showed five years of the six original federal highway aid apportionment programs. He listed programs from the slide:

- NHPP National Highways Performance Program (~58%)
- STBG Surface Transportation Block Grants (~27%)
- HSIP Highway Safety Improvement Program (~6%)
- CMAQ Congestion Mitigation & Air Quality (~5%)
- MPO PL Metropolitan Planning Organization Planning (~1%)
- NHFP National Highways Freight Program (~3%)

He explained that the two new projects in green on the graph were the Promoting Resilient Operations To Transformative Efficient and Cost saving Transportation (PROTECT) and the Carbon Reduction program.

[9:13:12 AM](#)

Mr. Anderson considered slide 6, "FEDERAL TRANSIT ADMINISTRATION: NATIONWIDE IIJA," which showed a pie chart and bar graph depicting increased formula and competitive funding. He stated that the recent AMHS award had come from this funding. He detailed the increased funding to each area illustrated on the slide.

[9:14:26 AM](#)

Senator Bishop referenced the note on the bottom of slide 6:

Note: Total funding shown includes authorization trust fund contract authority, authorized annual appropriations for FY22 and certain advance appropriations for FY22 enacted as a part of the Bipartisan Infrastructure Law. annual appropriations are subject to Congressional action.

Co-Chair Bishop understood that the funding was available for a nationwide competitive grant for only FY22.

Ms. Keith replied in the affirmative.

Senator Bishop assumed that he should not get too excited for a \$300 million Railcar Replacement Program.

Mr. Anderson agreed.

[9:14:58 AM](#)

Mr. Anderson displayed slide 7, "FAA FUNDING: NATIONWIDE AIR TRANSPORT SYSTEM." He cited that under IIJA, airports in the state were expected to receive approximately \$392 million over 5 years. He said that the funding would address airside and landside needs at airports, such as improving runways, taxiways, and airport owned towers; terminal development projects; noise reduction projects; there would be \$5 million available nationwide that would be discretionary funds.

[9:15:39 AM](#)

Ms. Keith highlighted slide 8, "FEDERAL TRANSPORTATION FUNDING IN ALASKA," which showed a bar graph illustrating federal transportation funding in the state. She thought that everyone was aware that Alaska had not kept up with

the infrastructure needs across the state. She cited that the American Society of Civil Engineers had graded the state a "C-minus". She explained that the slide showed some details of different funding sources, and the increases over the years. She pointed out that funding had gone from \$830million in 2020 to over \$1 billion in IIGA apportionments for 2023.

Co-Chair Stedman expressed the committee's concern with inflation and the ability to do new projects. He thought there had been a lot of optimism when the IIJA first passed, but that had deflated due to inflation.

[9:17:54 AM](#)

Senator Bishop dovetailed on Co-Chair Stedman's comments and asked Ms. Keith to address any project escalation costs from engineers estimates to awarded final bids.

[9:18:25 AM](#)

Ms. Keith looked at slide 9, " FEDERAL FORMULA PROGRAMS," which showed increases in funding by program. She noted that many of the programs were formula programs that received annual funding. She highlighted the increase in funding for the aforementioned new programs. She said that the graph on the right of the slide addressed some inflation questions. She stated that the first column showed federal fiscal year funding for 2022 through 2026, with the estimated adjustment for inflation. The second column showed funding for the same timeline using the IIJA funding. She said that IIJA was looking to add an inflation factor to the funding.

[9:19:46 AM](#)

JAMES MARKS, DIRECTOR, PROGRAM DEVELOPMENT, DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES, explained that IIJA accounted for inflation, but not at the rate currently experienced nationwide. He lamented that the rate of inflation was outpacing the projected rate of 2.4 percent, which had led to concerns that the funds would not procure as much as had been expected.

Co-Chair Stedman thought that last year many projects had faced the challenge of a 20 to 20 percent inflation rate.

[9:21:28 AM](#)

Ms. Keith noted that there were significant cost increases were forcing the department to request additional funding.

Mr. Marks detailed that DOT had heard from the Association of General Contractors (AGC) that the usual way of estimating project costs was moot. He had heard from AGC that that they had seen cost escalation of 20 percent nationwide. He relayed that the changes were not consistent between projects, and at times were related to capacity issues. Alternatively, there were some projects that were coming in below the estimated cost. He noted that the department was still grappling with how to manage the estimation process. There was a delay in being able to address some of the issues related to inflation.

[9:23:42 AM](#)

Ms. Keith addressed slide 10, " DOT&PF STRATEGIC INVESTMENT AREAS," which showed a pie chart of strategic investment areas for the department. She relayed that the department had launched a public engagement effort and had received over 3,000 comments from Alaskans. She highlighted areas of public interest, such as safe and secure transportation. She spoke to the needs charted on the slide. She described those projects under "other" included workforce development and training.

[9:26:32 AM](#)

Ms. Keith advanced to slide 11, " SAFETY":

Safe Streets and Roads for All  
Highway Safety  
Improvement Program (HSIP)  
Wildlife Crossings Pilot  
Program

Ms. Keith noted that there were several programs within IIJA that addressed safety. She stated that over five years, Alaska would receive about \$15 million in formula funding for highway safety traffic programs. The funding represented about a 30 percent increase from previous years. She said that local and tribal government were eligible to receive the funding to develop an action plan to reduce crashes and fatalities.

[9:27:46 AM](#)

Ms. Keith looked at slide 12, "SAFE ICE ROADS FOR ALASKANS," which addressed the Safe Ice Roads for Alaskans (SIRA) Program. She stressed that the ice roads were necessary for the movement of people and goods in remote communities.

[9:28:34 AM](#)

Ms. Keith showed slide 13, "ECONOMIC VITALITY":

- National Highways Freight Program (NHFP)
- Local and Regional Project Assistance Program
- Changes to INFRA Program
- Rural Surface Transportation Grants
- Port Infrastructure Development Program (PIDP)

Ms. Keith relayed that the state's freight corridors had 46 percent of imported and exported commodities, by weight, and the state had over 12,000 miles of designated freight corridors. She said that the department had look at how much had been invested in the infrastructure of Alaska coastline. She said that ports and harbors were eligible for much of the IIJA funds. She discussed the Port Infrastructure Development Program (PIDP) and noted that several communities were interested in the program.

[9:30:10 AM](#)

Co-Chair Stedman asked for more detail regarding harbors. He noted that the state had turned over most harbors to local cities and boroughs and had provided matching funds for rebuilds. He asked if communities would qualify for the IIJA funds or only docks owned by the state.

Ms. Keith affirmed that a lot of the state's ports and harbors were owned by local entities. She said that the funds were meant to support transportation across the state. She relayed that the Alaska Municipal League (AML) had been assisting with identifying the strongest applicants for the funds. She said that local communities were encouraged to put forth projects for submission.

[9:31:47 AM](#)

Senator Bishop asked whether there was a maximum amount for the program by participant.

Ms. Keith answered affirmatively and thought the maximum was roughly \$28 million.

Senator Bishop commented that the figure was on the next slide.

Ms. Keith said that the program was capped at a certain dollar amount. She said would provide more details to the committee. She noted that the program was highly competitive.

[9:33:26 AM](#)

Ms. Keith referenced slide 14, " RURAL PORTS, DOCKS & BARGE LANDINGS."

Co-Chair Stedman noted that there were many ports paid for by private enterprises and not subsidized by the state. He asked if the private ports would be eligible for the funds.

Ms. Keith relayed that there was a lot of expanded eligibility for other shipyard improvement programs.

Co-Chair Stedman noted that the state owned a shipyard.

[9:34:27 AM](#)

Ms. Keith turned to slide 15, " STATE OF GOOD REPAIR":

State Preservation & Maintenance Program (NHPP & STBG)  
Transportation Asset Management Program (TAMP)  
Bridge-related Provisions in IIJA

Ms. Keith said that the bigger shipyard in Ketchikan was very interested in part improvement programs. She noted that there was significant funding in IIJA to work towards improving the reliability of the state's transportation network, including \$3.7 billion, over 5 years, in federal highway formula funding for highways and bridges. The state could also compete for about \$15.8 billion in Bridge Investment Program, which supported economically significant bridges.

[9:36:01 AM](#)

Ms. Keith considered slide 16, "COMMUNITY BRIDGE PROGRAM":

**Cycle**

Every 2 years

**NOFO**

CY2023 Quarter 1

**Amount**

\$54,000,000

**Eligible Activities**

Bridges on the National Bridge Inventory (NBI), replacing poor bridges, rehabilitating fair bridges, bridge preservation & protection, tribally owned bridges on public roads, and projects that replace/rehabilitate culverts on the NBI

**Eligible Entities**

Local or community government, villages, tribal entities, & Political sub-divisions of government

Ms. Keith said a notice of funding opportunity would be released at the end of the first quarter.

[9:36:48 AM](#)

AT EASE

[9:37:21 AM](#)

RECONVENED

Senator Wilson asked how many projects the department planned to award of the \$54 million.

Ms. Keith relayed that the department looked forward to the quality of the applications and the readiness of the projects.

Senator Wilson did not think \$54 million seemed like a large amount of funding to serve many communities.

[9:38:16 AM](#)

Senator Bishop thought the \$54 million was for one quarter and not for a full 5-year span.

Ms. Keith relayed that the \$54 million was for two years of funding and a notice of funding would be issued every two years for applicants to consider.

[9:38:47 AM](#)

Ms. Keith displayed slide 17, "SUSTAINABILITY":

Carbon Reduction Program (CRP)  
Charging and Fueling Infrastructure  
National Electric Vehicle Formula Program (NEVI)  
Reconnecting Communities Pilot Program  
Reductions of Truck Emissions at Port Facilities  
Program

Ms. Keith stressed the benefit of getting communities off diesel fuel. She said that the department would partner with the Alaska Energy Authority on the NEVI program.

[9:40:19 AM](#)

Ms. Keith highlighted slide 18, which showed a table of detail on the NEVI Program listed on the previous slide:

**Cycle**

Every 2 years

**NOFO**

CY2023 Quarter 2

**Amount**

\$52,000,000

**Eligible Activities**

The acquisition, installation, and network connection of electric vehicle (EV) charging stations; Proper operation and maintenance of EV charging stations; and, Long-term EV charging station data sharing

**Eligible Entities**

Local or community government, villages, tribal entities, & Political sub-divisions of government

[9:41:16 AM](#)

Senator Wilson asked how many projects the state planned to fund and whether the state was working with communities to assure an equal distribution of charging stations across the state.

Ms. Keith answered affirmatively and explained that AEA and the department had launched an extensive engagement campaign with communities about EV stations. With the first round of funding that would go out in the current quarter, there would be five to seven awards. She furthered that communities had other ways to engage with the program. She

commented that the charging stations required approximately \$1 million to build.

Senator Wilson asked about the annual maintenance for the charging stations.

Ms. Keith noted that the maintenance was not as much as the upfront capital cost. She said that the charging stations were not a revenue generating opportunity and the state was looking at the possibility of private entities helping to maintain the stations into the future.

[9:43:47 AM](#)

Senator Kiehl thought the charging stations carried a large price tag. He wondered whether the charging stations being discussed were installed far from existing three-phase power. He wondered why installation was so expensive.

Ms. Keith explained that 4, level 3 chargers would be installed that included broadband and the electrical infrastructure to maintain the fast-charging requirements. She acknowledged that the \$1 million was a significant price tag for installation.

Co-Chair Stedman asked for more detail regarding the charging stations, and whether the state would be responsible for the maintenance going forward.

Ms. Keith explained that the maintenance and operations would ideally be on private entities that entered into agreements with the state. The agreements and implementation of the awards indicated that the private entities would maintain the stations.

[9:45:38 AM](#)

Senator Merrick asked about the number of electric vehicles in the state.

Ms. Keith replied in the hundreds. There was an expectation of a massive increase in electric vehicles nationwide. She believed that over the next 5 years the percentage of users would increase.

Co-Chair Stedman asked Ms. Keith to include the location of the vehicles when she provided information about the number

of vehicles. He thought it would be interesting to see how the vehicles would operate in a climate like Fairbanks. He asked for additional information about where the locations should be targeted.

Ms. Keith relayed that there was a lot of research on the efficiency of batteries in cold climates. She said that there was an efficiency loss in cold climates but that owners found the vehicles economically viable.

Co-Chair Stedman thought the committee would also be interested in the source of the energy being used by electric cars.

[9:48:55 AM](#)

Ms. Keith looked at slide 19, " RESILIENCY":

- PROTECT (formula and discretionary)
- Changes to Emergency Relief Program
- Other Climate and Resilience Provisions

Ms. Keith cited projects to support resiliency would help with costal shore protection, increased culvert sizes, and to address repairs from the West Coast Alaska storm.

[9:49:56 AM](#)

Ms. Keith addressed slide 20, "Resiliency & Coastal Protection Program":

- 5 yr total PROTECT program funds**
- \$93.1m
- Eligible Activities**
- Resiliency Planning
- Twice-Hit Assets
- Critical Community Access
- Evacuation Routes
- At-Risk Coastal Community Protection
- Eligible Entities**
- Local or community government, villages, tribal entities, & political sub-divisions of government

[9:50:34 AM](#)

Ms. Keith advanced to slide 21, which showed a map and graph depicting West Coast Alaska storm damages. The infrastructure damage was estimated to exceed \$210 million.

Senator Bishop had a question on slide 20. He asked whether river communities were eligible to apply for the Resiliency and Coastal Protection Program.

Ms. Keith replied in the affirmative.

[9:52:18 AM](#)

Co-Chair Hoffman noted that the Resiliency and Coastal Protection Program was a 5-year program. He thought that erosion control costs would exceed the amount awarded for the program. He asked whether the program offered false expectations to communities that were at-risk. He cited that with climate change, there were tens, if not hundreds, of communities that would be affected by erosion.

Ms. Keith acknowledged that the need was extreme, as described by Co-Chair Hoffman. She said that the department was looking at ways to address the matter.

[9:54:01 AM](#)

Senator Wilson looked at slide 21, which included an estimate of \$210 million. He asked how much the state planned on being reimbursed from insurance and FEMA costs and how long would it take the department to survey the other 10 communities.

Ms. Keith relayed that the department's primary focus was to gather data from communities to be eligible for reimbursement. Currently, harsh winter weather has not allowed for travel to all communities and those places would be visited in the spring. She commented on the complexity of the reimbursement situation. She mentioned working with communities that had submitted FEMA requests and stressed that the situation was challenging.

[9:56:24 AM](#)

Senator Wilson asked whether DOT had a goal in mind for reimbursement by other agencies.

Ms. Keith expected that the department's goal would be 100 percent. She thought some of the FEMA eligibilities were 90

percent, and some of the PROTECT program eligibilities were 80 percent. She described it as a patchwork of funding.

[9:57:13 AM](#)

Co-Chair Stedman referenced the many homes destroyed in the most recent storm. He wanted Ms. Keith to get back to the committee with information on FEMA's restrictions. He thought that FEMA would expect people to rebuild off the waterfront. He was concerned with what policy impacts FEMA would have on the state in aiding Alaskans. He understood that to get a house insured, flood zone regulations had to be considered.

Ms. Keith replied that DOT worked with DMVA to communicate with FEMA. She continued that FEMA had had an individual assistance program and worked directly with homeowners. She said that the department was working to ensure that FEMA guidance would work quickly to assist Alaskans in need. She said that there had not been conversations about individual cases for the damage in Golovin.

Co-Chair Stedman strongly recommended having conversations on the topic. He recalled viewing the area from a helicopter and witnessing vast empty neighborhoods. He relayed a concern about the impact FEMA would have on rebuilding houses, and he stressed the importance of understanding the issue in Western Alaska, and throughout the state. He understood that there was a nationwide policy, with nationwide calculated premiums and he thought to ignore the matter was perilous.

[10:02:20 AM](#)

Co-Chair Stedman requested information about the claims paid by FEMA versus insurance companies. He thought there would be a difference between what Alaskans paid in premiums versus what was collected.

[10:02:35 AM](#)

Ms. Keith looked at slide 22, "GEOGRAPHIC AREAS BY STRATEGIC INVESTMENT AREA," which showed a bar graph with areas of investment broken down by geographic areas in the state including corridor, rural, statewide, urban, and waterway. She said that the slide was conceptual to help

understand where target investment should happen across the state.

Co-Chair Stedman asked about where areas such as Southeast would fall in the strategic planning.

Ms. Keith relayed that anything coastal or river-based would be categorized as a "waterway." She used the example of marine highway investments. She mentioned the challenge of defining projects as "rural," and used the example of projects not connected to the road system, such as in Ketchikan. She said that downtown Anchorage and Fairbanks would be considered "urban."

[10:06:00 AM](#)

Senator Bishop asked for the meaning of SOGR on the slide.

Ms. Keith answered, "state of good repair."

[10:06:17 AM](#)

Ms. Keith spoke to slide 23, "COOPERATIVE PARTNERSHIPS":

**RPO**

- Copper River Valley - RTPO statutes
- Others on the way - FNSB, NSB, and more.

**AML MOU**

- Clearinghouse "The HUB"
- AML Hosting NHI Courses

**State Agencies**

- AEA MOA - NEVI Plan & STEP
- DNR MOA - ASTAR PEL

**Business Partnership**

- AGC
- ACEC

**Team-Embedded Consultants**

**Federal Land Managers**

**More Local Planning**

- Coordinate with land-use, 'Plan for People'

**Looking for more Partners!**

Senator Kiehl thought the partnerships were a great development and a great expansion on how DOT had historically worked. He asked for commentary on the timeframe for projects, and whether there was a rush to get applications completed.

Mr. Anderson understood that the IIJA funding had a five-year window of allocated monies, with more of a ten-year window for getting projects to development.

[10:09:13 AM](#)

Senator Bishop looked at partnerships listed on slide 23 and thought there should be labor and apprenticeship programs listed.

[10:09:37 AM](#)

Senator Wilson appreciated all the partnerships and assistance with applications. He asked whether the state worked with any entities to help them to be more competitive on the national level.

Ms. Keith affirmed that the department was assisting Alaskan applicants. She furthered that AML was taking the lead in working with the various entities. She acknowledged that it took a certain amount of training to write successful grants. She noted that the assistance required funding and that the department was committed to the grant writing efforts.

[10:11:21 AM](#)

Senator Wilson asked whether DOT had enough resources in its current and upcoming budget to continue to help communities apply for funding.

[10:11:50 AM](#)

Ms. Keith referenced slide 24, which gave examples of discretionary grants that had been submitted through the partnership with AML, totaling \$850 million. She highlighted that the Rual Ferry Program had been successful.

[10:12:22 AM](#)

Ms. Keith turned to slide 25, which showed a timeline of the rural ferry service grant. She shared that the IIJA had been passed in November 2021, which was one month before the governor's proposed budget was released. She said that the notice of funding opportunity from the federal Transit Administration had not been issued until July of 2022, and

the state submitted grant application two months later, which meant that requests for funding in the governor's proposed budget had been based on what the department thought the criteria would be for the program. She stated that notice of the award had been received in January 2022, but the budget proposal had already been submitted. She said that the department had been working with OMB to understand how to find federal match for the program.

Co-Chair Stedman understood that there had been a delay and some complication with understanding how the federal funds would come to the state. He affirmed that the legislature would work with the department through the subcommittee process.

Ms. Keith expressed the department's appreciation for the dialogue and support from the legislature.

[10:15:19 AM](#)

Ms. Keith considered slide 26, which showed FTA awards of discretionary grants. She relayed that the department planned to balance the capital request by maintaining the existing fleet and investing in new infrastructure. The maintenance and upgrade repairs had been split 50/50 with ferry terminals and shoreside infrastructure, and vessels. The other 50 percent of the capital funding had gone toward new vessels.

[10:15:57 AM](#)

Senator Wilson expressed concern over the amount of funds required for designing a new Alaska mainliner. He wondered whether the designs would be compatible with existing docks.

Ms. Keith relayed that in the previous year's budget, the legislature had granted authority for the department to spend \$30 million towards the design of a new main liner. The department had a projected capital expense of \$350 million. She said that the department was looking for ways to reduce costs. She noted that some of the design for the M/V Tustumena replacement vessel would carry over to the new mainliner. She added that all ships and all docks would be compatible.

Senator Wilson wondered whether the price could be lower since the state had designed mainliners before.

Ms. Keith stressed that reduction of costs for design was a priority, and it was important to design a vessel that worked for the state.

Co-Chair Stedman stressed that the legislature wanted the M/V Tustumena replaced. He agreed with Senator Wilson that building docks that ferries could not tie to was dysfunctional and hoped for alignment going forward.

Ms. Keith agreed with Co-Chair Stedman. She said that because of the funding the shipyard RFP would be out soon, and the hope was to deliver a replacement vessel by 2027. She added that the second main liner had been added so that when a shipyard was onboard with the project, they would have the capability of building a second vessel and ideally reducing some of the cost.

[10:20:54 AM](#)

Co-Chair Stedman said that the legislature would work with the department to take successful advantage of the funding opportunity. He shared that there would be a conversation specific to AMHS in the future. He appreciated the department's initiative in going after the grants.

[10:22:28 AM](#)

Ms. Keith displayed slide 27, " FTA AWARDS: VESSELS,":

**Vessel Modernization—\$72 million award**

- Columbia -modernization
- Matanuska—modernization
- Tazlina—increased route options
- Kennicott—improved environmental considerations

**Vessel Replacement—Tustumena Replacement Vessel—\$68.5 million award**

- Includes design updates of propulsion system, for safer, more efficient, public transportation

**Design of a New Alaska Mainliner--\$8.5 million award**

Supports the early steps for capital replacement of a mainliner for continued service to SE Alaska

**Climate Responsive Ferry Vessel Options—\$46 million award**

Increase service, efficiency, and sustainability of Alaska Ferry System for rural port communities.

Co-Chair Stedman asked Ms. Keith to get back to the committee regarding the M/V Matanuska. He referenced concern on environmental issues such as asbestos, and corrosion of steel. He expressed concern that the ship might not sail again, which he thought was not in the state's best interest.

[10:24:20 AM](#)

Senator Kiehl wanted to hear back from the department regarding the flexibility of which vessels to focus on.

Ms. Keith was happy to get back to the committee with detailed responses. She said that she hoped for flexibility with the awards.

[10:25:50 AM](#)

Ms. Keith discussed slide 28, "FTA AWARDS: DOCKS":

**Increase the sustainability of five current rural AMHS port operations; the project will upgrade dock infrastructure in Juneau and Cordova, and replace current docks in Pelican, Tatitlek, and Chenega.**

- Prince William Sound Dock Modifications—\$29.3m project total
- Tatitlek \$10.5m
- Chenega \$12.6m
- Cordova \$6.2m

[10:26:33 AM](#)

Co-Chair Hoffman noted that there were other infrastructure ferry docks in Western Alaska. He assumed they were in pristine condition and did not need to be modernized. He mentioned Kodiak, and Unalaska, and asked about the plans for the facilities.

Ms. Keith relayed that DOT did annual infrastructure inspections of all facilities and had a good listing of the state of health of all facilities. She noted that the dock in Kodiak needed improvement and that this had been a topic of conversation within the department.

Co-Chair Stedman asked Ms. Keith to get back to the committee regarding the status of the facilities mentioned by Senator Hoffman.

[10:28:20 AM](#)

Ms. Keith looked at slide 29, "ORGANIZATIONAL EXCELLENCE":

WORKFORCE  
COMMUNICATION  
CULTURE  
INNOVATION  
INFORMATION  
RESOURCING  
PROJECT DELIVERY

Ms. Keith shared that the department was working to get projects shovel ready, so they did not miss out on opportunities for funding. She said that project delivery was a priority for the department.

[10:30:07 AM](#)

Ms. Keith addressed slide 30, " 2023 CONSTRUCTION WORKFORCE: UNIQUE WORKERS," which showed a pie chart of the various construction workforce necessary to deliver projects in the state. She noted the high number of workers necessary in 2023 and lamented that there was a workforce crunch within the department. She discussed the various ways that the department could help with staffing within the department and in the private sector.

Co-Chair Stedman asked Ms. Keith to work with Senator Bishop on the topic of workforce development. He expressed concern that the state did not have the workforce to bring projects to fruition.

[10:32:37 AM](#)

Senator Wilson asked about the current areas of need regarding staffing.

Co-Chair Stedman thought that the legislature would work with the department to develop the state's workforce.

[10:33:37 AM](#)

Senator Bishop wanted to recognize DOT on the caliber of people in the department. He mentioned that \$87 million had been awarded to the state because of the work of the department.

[10:34:24 AM](#)

Ms. Keith displayed slide 31, "Thank you."

Co-Chair Hoffman noted that the presentation did not mention the Port of Alaska. He questioned whether the Port of Alaska would be best managed by the City of Anchorage or rather the state since the port services the entire state.

Co-Chair Stedman asked Ms. Keith to get back to the committee.

Co-Chair Olson asked about slide 12. He noted the \$2 million for ice roads and wondered how that funding compared to the previous year.

Ms. Keith noted that the funding for the new program was substantially higher than in the past. She shared that previous funding for ice roads was via line-item allocation to communities. She noted that this year there was a program as well as separate allocations.

Co-Chair Olson asked whether Ms. Keith anticipated that there would be more funds available considering the effects of global warming on rural areas of the state.

Ms. Keith relayed that the University of Alaska had been working on a study on the construction of ice roads. She stressed the importance that the roads be constructed safely.

[10:37:42 AM](#)

Co-Chair Olson asked about the Diomedes ice runway. He inquired as to whether DOT was still considering the runway.

Ms. Keith did not have the information at hand and offered to get back to the committee.

Co-Chair Stedman thanked the presenters. He related that he was looking forward to working with the department on matching the federal funds.

Co-Chair Stedman discussed housekeeping.

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ADJOURNMENT

10:40:45 AM

The meeting was adjourned at 10:40 a.m.