

ALASKA STATE LEGISLATURE
SENATE TRANSPORTATION STANDING COMMITTEE

February 4, 2025

1:34 p.m.

MEMBERS PRESENT

Senator Jesse Bjorkman, Chair
Senator Jesse Kiehl
Senator Bert Stedman
Senator Mike Shower

MEMBERS ABSENT

Senator Löki Tobin, Vice Chair

COMMITTEE CALENDAR

PRESENTATION(S) : 2025 CONSTRUCTION OUTLOOK AND ECONOMIC IMPACT

- HEARD

SENATE BILL NO. 47

"An Act relating to Chugach State Park; and providing for an effective date."

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: SB 47

SHORT TITLE: CHUGACH STATE PARK EASEMENTS

SPONSOR(S) : SENATOR(S) GIESSEL

01/17/25	(S)	PREFILE RELEASED 1/17/25
01/22/25	(S)	READ THE FIRST TIME - REFERRALS
01/22/25	(S)	TRA, RES
02/04/25	(S)	TRA AT 1:30 PM BUTROVICH 205

WITNESS REGISTER

ALICIA AMBERG, Executive Director
Associated General Contractors of Alaska
Anchorage, Alaska

POSITION STATEMENT: Co-presented the report, 2025 Construction Outlook and Economic Impact.

MARCUS TRIVETTE, Immediate Past President
Associated General Contractors of Alaska
Fairbanks, Alaska

POSITION STATEMENT: Co-presented the report, 2025 Construction Outlook and Economic Impact.

JEFF MILLER, Director
Associated General Contractors of Alaska
Palmer, Alaska

POSITION STATEMENT: Co-presented the report, 2025 Construction Outlook and Economic Impact.

ROGER MARKS, Board of Supervisors
Glen Alps Road Service Area
Anchorage, Alaska

POSITION STATEMENT: Testified by invitation on SB 47.

ACTION NARRATIVE

[1:34:18 PM](#)

CHAIR BJORKMAN called the Senate Transportation Standing Committee meeting to order at 1:34 p.m. Present at the call to order were Senators Kiehl, Stedman, and Chair Bjorkman. Senator Shower arrived thereafter.

PRESENTATION(S): 2025 CONSTRUCTION OUTLOOK and ECONOMIC IMPACT

[1:35:13 PM](#)

CHAIR BJORKMAN announced the presentation titled 2025 Construction Outlook and Economic Impact.

[1:35:44 PM](#)

ALICIA AMBERG, Executive Director, Associated General Contractors of Alaska, Anchorage, Alaska, introduced herself and advanced to slide 2:

[Original punctuation provided.]

AGC of Alaska: Who we are

- Since 1948, AGC has served as the voice of Alaska's commercial construction industry.

- As the state's leading construction trade association, we provide our members products and services designed to improve and grow their business and enhance the professionalism of Alaska's construction industry.

MS. AMBERG stated that Associated General Contractors of Alaska (AGC) is the largest commercial construction trade association in Alaska, representing over 600 businesses. She briefly described these. She said that ACG works to advocate, educate, and promote its members. She noted that ACG works alongside government agencies to ensure industry advancement and give members a collective voice.

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MS. AMBERG advanced to slide 3:

[Original punctuation provided.]

PARTNERING AGREEMENT

The Alaska Department of Transportation and Public Facilities and the AGC of Alaska mutually recognize the importance of providing an efficient, high quality, responsive transportation system for the people of Alaska. Therefore, we are committed to working together in a spirit of mutual respect, trust, honesty, common sense, and fairness through cooperation, open communication and mutual commitment to achieve the following partnership goals.

- Ensure a commitment to continuing communication between ADOT&PF and AGC at all levels in a manner that fosters trust and understanding.
- Encourage joint support on statewide and national issues.
- Encourage the use of the most cost-effective design, construction, administrative, and management techniques to provide a safe, effective, and environmentally sound, transportation system for our families, statewide commerce, and economic development.
- Maintain a safe work environment.
- Promote quality through continuous improvement and communication.

- Promote fair and consistent treatment that fosters an open and competitive contracting environment.
- Develop and maintain an educational program to enhance the perception of the highway design & construction team and encourage Alaskans to enter that industry.
- Promote a cooperative relationship for compliance with Alaska Pollutant Discharge Elimination System requirements and strive for zero violations.

[Slide 3 includes a graphic indicating a relationship between STIP and FHWA challenges; AGC advocacy efforts from 2023-present; and a significant decrease in the Construction program in 2024, the trend continuing in 2025.]

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MS. AMBERG advanced to slide 4

[Original punctuation provided.]

CONSTRUCTION COMPANIES

- DIRECT IMPACTS: Construction company spending with Alaska businesses
- INDIRECT IMPACTS: Vendor spending impacts on jobs and payroll
- DIRECT IMPACTS: Construction company wages paid to employees
- INDUCED IMPACTS: Employee spending impacts on jobs and payroll

Construction Industry-Related Jobs and Labor Income Impacts in Alaska:

- Direct:
 - Jobs: 25,200
 - Labor Income: \$2.5 billion
- Indirect & Induced:
 - Jobs: 16,700
 - Labor Income: \$1.1 billion
- Total:

- Jobs: 41,900
- Labor Income: \$3.6 BILLION

MS. AMBERG said that the construction industry is vital to Alaska's economy. She described the industry's economic reach. She briefly discussed the direct (e.g. jobs) and indirect (e.g. wages spent locally for housing, etc.) economic impact of the industry. She stated that the loss of construction jobs has an outsized impact on the state's economy, due to higher-than-average annual wages and provided data to illustrate this.

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SENATOR SHOWER joined the meeting.

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MS. AMBERG offered an example to illustrate the impact that the decline in available contracts has had on construction companies around the state. She emphasized the negative impact this has on both prime, skilled contractors and the subcontractors and suppliers that rely on these contracts. She questioned how this decline in contracts is occurring during a time of unprecedented federal infrastructure spending in Alaska.

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MS. AMBERG advanced to slide 5:

[Original punctuation provided.]

State of Alaska Transportation Funding

- Statewide Transportation Improvement FY17-FY25 Enacted, FY26 Proposed Program (STIP) FY24-FY27
 - Rejected by FHA Feb 2024
 - Partial federal approval March 2024
 - Amendments and public comment
 - Amended STIP approved
- Federal DOT&PF capital appropriations decreased between FY24 and FY25 by ~\$200 million
- Inflationary pressure impacting projects

[Slide 5 includes a bar graph displaying Alaska DOT&PF Capital Appropriations, FY17-FY25 Enacted, and FY26 Proposed and differentiating state from federal funding.]

MS. AMBERG stated that the decrease in appropriations for fiscal year (FY) 2025 is directly related to Statewide Transportation Improvement Program (STIP) delays. She pointed out that, in recent years, Department of Transportation and Public Facilities (DOTPF) capital budget appropriations have been higher; however, this has not been adequate to counterbalance the impacts of inflation.

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MARCUS TRIVETTE, Immediate Past President, Associated General Contractors, Fairbanks, Alaska, advanced to slide 6:

[Original punctuation provided.]

Industry Concerns

- Dozens of meetings with DOT leadership regarding the STIP, upcoming projects, and negative trends since late 2023
- Met with the administration in Sept 2024 to elevate and emphasize our concerns and trickledown impacts
- Tentative advertising list continues to slip, creating the perfect storm
- This is an alarming and unprecedented circumstance for our industry and the Alaskan economy, especially considering the tremendous potential amount of federal funding our state has the opportunity to receive during this historic period infrastructure funding available at the federal level. The Alaska public and contracting community, including subcontractors, DBEs, and suppliers, and their families, heavily depend on Alaska DOT&PF's ability to deliver a stable and reliable construction program.

MR. TRIVETTE said that two years ago, ACG began to prioritize workforce development. This was related to the Infrastructure Investment and Jobs Act (IIJA) and the Inflation Reduction Act (IRA). He described issues related to Alaska's infrastructure and substantial shifts in workload. He described discussions with DOTPF regarding STIP and emphasized that the department offered assurances that the industry would not be negatively impacted in spite of evidence to the contrary. He explained that

the Tentative Advertising Schedule (TAS) is the basis for industry-wide planning decisions and accuracy and consistency is important. He discussed a study done by McKinley Research Group and said that annual volume of work needs to be \$1.3 billion in 2024 dollars to maintain historic averages, adjusted for inflation. He said that in 2025, AGC projects that less than \$700 million in contract payments. He noted that this is in line with the recent decreases in project bids for the previous federal fiscal year. He expressed concern with the impacts this will have on the industry.

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MR. TRIVETTE emphasized concerns related to the TAS, explaining that DOTPF had indicated 30 projects would be advertised; however, the advertising period ended with only 11 of those projects having been advertised. He indicated concern with the continued decrease in contract volume.

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JEFF MILLER, Director, Associated General Contractors, Palmer, Alaska, advanced to slide 7, Alaska Construction Employment, and described the impact this decrease in contracts has on the industry. He emphasized the industry's effort to increase its workforce. He explained that the number of apprentices doubled - but companies struggled to find jobs for those apprentices in 2024. As a result, companies are now reducing the number of apprentices taken in by 50 percent. He asserted that this is the direct result of the unpredictability and instability of project bidding times. He emphasized the impact this has a significant negative impact on contractors and labor partners - and their ability to balance training with future needs.

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MS. AMBERG advanced to slide 8. She explained that much of the data presented comes from a report done by McKinley Research Group, which examines the economic impact of Alaska's construction industry. The report offers a forecast for the upcoming year's construction spending. She indicated that, while the report indicates some positive areas (particularly in private projects), ACG's specialized DOTPF contractors are not in that category. She expressed appreciation for the opportunity to share ACG's concerns.

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SENATOR STEDMAN noted that the legislature determines the capital budget appropriations, independent of the administration and DOTPF. He briefly described the process of determining the

capital budget and how each region is broken down. He said that while the legislature is aware of the challenges, there is a struggle with respect to location. He noted that certain areas struggle more than others. He requested more information on how these issues are distributed across the state, which would help to find solutions.

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MS. AMBERG noted movement in the Southcoast region, while the Central and Northern regions continue to lag.

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SENATOR STEDMAN concurred. He pointed out that the Northern and Central regions are significantly larger and asked for additional information. He indicated that this would enable the legislature to work more effectively with DOTPF and federal highways. He said that an increased match (from 10 to 20 percent) would significantly inhibit the capital budget.

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MR. TRIVETTE noted that AGC tracks estimated payments to contractors by region and compares the department's estimates with its own. He stated that this season, the Southcoast region was accurately tracking with AGC's payment estimates. The largest deltas (over \$100 million) were split evenly between the Northern and Central regions. He explained that in those regions, DOTPF estimated a larger amount of contract work than AGC estimates. He briefly explained the potential reasons for this discrepancy, including late bids and project delays.

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SENATOR KIEHL referred to DOTPF's recent presentation and noted that posting bids was not on the department's list of key issues. He asked what major stumbling blocks might be delaying this process.

MS. AMBERG said that AGC is uncertain of the specific issues. She surmised that there are many. She acknowledged that AGC communicates regularly with DOTPF but indicated that the numbers the department has provided are not reflected in AGC's numbers. She emphasized that the implications for these issues are far-reaching.

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SENATOR KIEHL noted concerns about moving to a 2-year STIP. He asked if this would have a positive or negative impact.

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MS. AMBERG replied that AGC has not analyzed this or had discussions about this issue.

SENATOR KIEHL expressed interest in AGC's insights on this issue.

[1:57:11 PM](#)

SENATOR STEDMAN stated that the legislature would have multiple meetings with DOTPF regarding the capital budget and to free up the bottlenecks. He asked whether AGC has also noted issues with airport projects.

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MR. TRIVETTE answered that there have also been delays in the delivery of Federal Aviation Administration (FAA) program and projects advertised late in the season. He noted that this is unrelated to STIP; however, projects continue to be delayed.

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SENATOR SHOWER noted that the legislature is currently discussing education and asked if AGC has any suggestions for education planning and workforce development. He wondered if Alaska is sufficiently meeting the education needs of the industry.

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MS. AMBERG replied that AGC does not have a position on this issue at this time.

[1:59:23 PM](#)

CHAIR BJORKMAN commented that AGC has indicated that upcoming construction projects will significantly impact the Alaskan economy. He shared his understanding that bids must be awarded by mid-March for summer projects. He noted that this date is quickly approaching and asked what AGC would propose as a solution to mitigate the problems outlined in the presentation. He wondered what changes could be made to ensure that the construction industry and associated businesses stay afloat for the next year. Specifically, he asked what actions DOTPF can take to ensure a successful construction season.

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MR. TRIVETTE answered that AGC has suggested that DOTPF look for projects that have flexible funding sources and could therefore be moved forward on the timeline.

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CHAIR BJORKMAN opined that the relationship between the state and federal highways has been unproductive. He asked if other states are facing similar challenges as they move through the STIP process.

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MS. AMBERG replied that AGC has not heard reports of other states experiencing these challenges. She noted that AGC is one of 89 chapters across the United States and nearly all states have a highway-specific AGC chapter and are supportive of the Federal Highway Administration (FHA). She shared that other state chapters have questioned why Alaska is experiencing these issues.

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SENATOR SHOWER noted that there has been an increase in military construction (MILCON) projects and opined that this is a positive development. He asked AGC's perspective on these projects.

[2:04:01 PM](#)

MS. AMBERG agreed that MILCON is a bright spot in the industry; however, highway contractors are specialized, and it is difficult for them to take on different types of contract work.

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SENATOR STEDMAN directed attention to the apprenticeship program. He noted that the capital budget previously dedicated a significant amount of funding to develop this program, only to later lose many of the apprentices to other states (as they left Alaska to go where the work is). He asked if the industry is losing its younger workforce to other states.

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MR. MILLER surmised that when young people leave the state and find a livelihood elsewhere, they are unlikely to return. He said that this is very much a concern.

[2:06:05 PM](#)

CHAIR BJORKMAN referred to a letter he received from Commissioner Anderson addressing some of AGC's concerns. This was followed by a list of potentially advertised projects. He noted that AGC (and members of Senate Transportation Standing Committee) also received a copy of this letter. He asked AGC to comment on this letter.

[2:07:00 PM](#)

MS. AMBERG said AGC is still analyzing the letter and would get back to the committee with comments.

CHAIR BJORKMAN said that AGC's comments would be helpful. He noted that different methods of communication can offer a new perspective. He expressed interest in ensuring roads in Alaska are safe. He opined that a written response from AGC is important, as the road project deadlines are quickly approaching and there are real consequences for working families in Alaska.

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At ease.

SB 47-CHUGACH STATE PARK EASEMENTS

[2:11:47 PM](#)

CHAIR BJORKMAN reconvened the meeting and announced the consideration of SENATE BILL NO. 47 "An Act relating to Chugach State Park; and providing for an effective date."

[2:12:14 PM](#)

SENATOR GIESSEL paraphrased from the following sponsor statement for SB 47:

[Original punctuation provided.]

Senate Bill 47 Sponsor Statement

"An Act relating to Chugach State Park; and providing for an effective date."

Chugach State Park hosts 1.5 million visitors annually - more than Denali National Park - and most of the road traffic leading to the park originates from outside of the Anchorage Hillside neighborhood. The roads that provide access to the park, including the Glen Alps and Upper DeArmoun/Canyon Road corridors are in need of significant upgrades. In 2023, Anchorage residents voted to establish the Chugach State Park Access Service Area (CASA), which includes the Anchorage Bowl, creating the first mechanism for financing capital upgrades to roads leading to Chugach State Park. In 2024, Anchorage voters approved a \$4 million bond to fund much needed improvements to Canyon Road, which is in poor condition. This project involves paving and drainage for about 0.6 miles of the road, extending to the park boundary. About half

of this section lies within Chugach State Park, and because the municipality cannot bond for improvements on state-owned land, those portions fall outside the scope of the bond.

To address this, SB 47 reinforces existing statutes designating the Department of Transportation and Public Facilities (DOTPF) as the agency responsible for maintaining public roads within Chugach State Park. This ensures DOTPF will continue managing the maintenance of roads that provide access to this important state resource. Additionally, the bill grants the Department of Natural Resources (DNR) the authority to grant easements or rights-of-ways within Chugach State Park to municipalities. This provision allows municipalities to improve access to the park, provided they meet certain requirements. Before granting any easements, the DNR commissioner must provide public notice and hold hearings. If an easement is granted, responsibility for maintaining and repairing the road will shift from the state to the municipality.

By allowing municipalities to assume responsibility for certain infrastructure improvements, SB 47 provides the flexibility needed to support upgrades that will increase safety, access, and overall public enjoyment of Chugach State Park. It creates a pathway for municipalities to invest in and maintain key resources within their community, improving access to trailheads and other park features.

SENATOR GIESSEL noted that Chugach State Park receives the most visitors out of any state park in Alaska and encompasses 500,000 acres. The park's fee station revenues are nearly \$600,000 per year. One of the park's current projects is a new parking area, which will bring additional revenue.

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SENATOR GIESSEL continued to paraphrase from the sponsor statement for SB 47. She directed attention to slide 2 of the presentation titled, "SB 47 Chugach State Park Easements" which includes a map of Chugach State Park. She noted that Canyon Road (in red) extends into the park, passes the Rabbit Lake Trailhead, and continues beyond the park boundaries. The Rabbit Lake Trailhead (one of the most popular in the park) is the site of the new parking lot. She pointed out that the green areas of

the map are parkland while the grey areas indicate municipal roads. She emphasized that the section of Canyon Road that falls within the boundaries of the park is almost impassable and allowing the municipality to take over this section of road would ensure a continuous, maintained road through Chugach State Park. She directed attention to AS 41.21.122, which states that DOTPF is responsible for the roads inside the boundaries of the park; however, she asserted that DOTPF has not been maintaining this portion of the road. She noted that SB 47 was drafted in collaboration with the Municipality of Anchorage.

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SENATOR GIESSEL noted that there are a few private residences in the area. There is also wildfire concern in this area. A well-maintained road is important for safely exiting the park in the event of a wildfire. She reiterated that SB 47 would allow the Municipality of Anchorage to take over the portion of Canyon Road that falls within Chugach State Park. She noted that there are other entrance points, and those areas could be impacted by SB 47 if a municipal road is crossing parkland.

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CHAIR BJORKMAN announced invited testimony on SB 47.

[2:21:01 PM](#)

ROGER MARKS, Board of Supervisors, Glen Alps Road Service Area, Anchorage, Alaska, explained that road service areas (RSA) can be thought of as small, independent districts on the hillside that manage area road maintenance (e.g. road repair, grading, drainage, and snow removal for a particular area). There are roughly 20 of these, and they are paid for by area property taxes. He explained that RCAs were set up to decentralize snow removal. He pointed out that elevation changes result in a variety of microclimates in the area and decentralized snow removal has been effective. He said that the roads in this RSA lead to the Glen Alps and Rabbit Lake trail heads - which are among the most utilized in the park. He explained that most of the traffic in this RSA originates outside of the RSA, passing through it to reach the trailheads. This traffic is the leading cause of road depreciation. He said that the Anchorage municipality is not able to bond on roads within the park. Few residents and a low tax base have resulted in an inability to cover the costs of the capital upgrades (which he estimates at millions of dollars). He said that in 2023, a service area was created to finance infrastructure for access through the park. In 2024, Anchorage voters voted for a bond to finance upgrades to Canyon Road. He stated that the road is in terrible shape.

However, the bond cannot be applied to park assets; therefore, the municipality is seeking an easement from the state. He emphasized the importance of maintaining the roads to ensure safety.

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CHAIR BJORKMAN asked whether the municipality was asking to trade responsibility for roads with the state of whether the municipality would like to take over maintenance without expectation of anything in return.

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MR. MARKS clarified that that the municipality is already maintaining the road, although this is not technically the municipality's responsibility. He surmised that it would be inefficient for DOTPF vehicles to work on those short segments of the road. He indicated that the municipality would continue to maintain these RSAs, and SB 47 would help to reduce the cost of the maintenance.

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CHAIR BJORKMAN commented that Department of Transportation and Public Facilities (DOTPF) has stopped maintaining certain roads in his district - and these roads are later leveraged in road trades. He wondered if SB 47 would set a precedent for DOTPF and other organizations to transfer their roadwork to municipalities without a corresponding trade. He said this is a matter of statewide policy that could have unintended negative consequences in other areas of the state.

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SENATOR GIESSEL noted that DOTPF has not been maintaining the section of Canyon Road, despite being required by statute to do so. She said that this is the reason for SB 47.

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SENATOR STEDMAN said that he does not see any surface issues with the request and asked how wide the easement is and how it is delineated.

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SENATOR GIESSEL deferred to Mr. Marks.

MR. MARKS surmised that the easement would be as wide as the roadbed. He said that portions of the road lay outside the right-of-way. He surmised that the easement would be roughly 30 feet.

[2:29:44 PM](#)

SENATOR STEDMAN said that while he is not familiar with the applicable statute, he has had experience on planning commissions. He opined that it would be fine for the community to come together to fix the road; however, he suggested that DOTPF be held accountable for the money collected. He surmised that the money could be used for road maintenance in the region of the road where the funds are collected.

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CHAIR GIESSEL noted that SB 47 has a fiscal note for easement adjudication, title easement, and survey work. She shared her understanding that this only needs to be done once and questioned why the fiscal note includes a charge for multiple years. She opined that the funds collected from fee boxes would be sufficient to cover any costs. She stated her intention to discuss this with DOTPF.

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CHAIR BJORKMAN held SB 47 in committee.

[2:31:55 PM](#)

There being no further business to come before the committee, Chair Bjorkman adjourned the Senate Transportation Standing Committee meeting at 2:31 p.m.