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TRANSPORTATION INFRASTRUCTURE NEEDS IN ALASKA

FIELD HEARING

BEFORE THE

COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS UNITED STATES SENATE

ONE HUNDRED EIGHTH CONGRESS

FIRST SESSION

ON

OVERSIGHT OF THE TRANSPORTATION INFRASTRUCTURE PROGRAMS IN THE STATE OF ALASKA

APRIL 14, 2003—PALMER, ALASKA

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TRANSPORTATION INFRASTRUCTURE NEEDS IN ALASKA

MONDAY, APRIL 14, 2003

U.S. SENATE,
COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS,
Palmer, Alaska.

The committee met, pursuant to notice, at 9:30 a.m. in Matanuska–Susitna Borough Assembly Chamber, Palmer, Alaska, Hon. Lisa Murkowski [acting chairman of the committee] presiding.

Present: Senator Murkowski.

OPENING STATEMENT OF HON. LISA MURKOWSKI, U.S. SENATOR FROM THE STATE OF ALASKA

Senator MURKOWSKI. Good morning. I am Senator Lisa Murkowski, and I will be chairing this morning's hearing of the Senate Committee on the Environment and Public Works.

My intention is to take testimony on needed changes to the Federal highway program, and to provide the committee with other information on Alaskan transportation issues.

I also want to record my thanks to the chairman of the committee, Senator Jim Inhofe of Oklahoma, and to the ranking member, for allowing us this opportunity to get Alaskans' views on the record before the committee completes its work on a new highway bill, which will provide a blueprint for Federal programs for the next 6 years.

The chairman is represented today by Mr. James Qualters, a member of the committee's professional staff. I am also accompanied by Mr. Bill Woolf, my aide for transportation issues and many other matters, by my Legislative Director, Mr. Jon DeVore, by Pat Heller, who manages my Alaska offices, and last but not least, by Carol Gustafson, who tells me what to do when I'm here in the Valley.

We have a number of other distinguished guests this morning, but since most of them are here to testify, I will wait to introduce them when we reach that point.

Before we begin, I'd like to provide a few background notes on how Congress is approaching the task of writing a new highway bill. To date, the committee has held several hearings on various aspects of the overall highway program. In June, the committee will begin the process of marking up the various sections of the bill, and the chairman hopes to have the committee process complete by the end of June.

As most of you know, Congressman Young is the chairman of the equivalent committee of the House of Representatives, and I look forward to working with him, and with all of you, to develop a highway bill that recognizes Alaska's many transportation needs, from highways to snowmobile trails.

As you may also know, the House and Senate approach this task in a slightly different way. While the House encourages the inclusion of funding earmarks for certain high-priority projects, the Senate typically does not. At the end of the day, the two chambers will reach a compromise.

Let me be very candid, it will not be easy to craft a bill that accomplishes everything that needs to be done. Many States are already struggling to handle increasing demand with an aging infrastructure, while we in Alaska are still trying to build an adequate infrastructure. We had hoped to be able to work with a figure totaling $255 billion over the next 6 years. Unfortunately, we may not be able to reach that point. The budget resolution adopted by Congress last week provides for $231 billion in transportation spending over the 6 years. That is considerably more than the current limit, but will still mean fierce competition for scarce dollars, something we already know and recognize on a daily basis in the State.

I have introduced a bill to establish the "Denali Transportation System" and if adopted, it will provide a new way for Alaska to meets its transportation needs. It would allow the Denali Commission to construct roads and other access-related facilities using a separate appropriation of Federal funds.

The Denali Commission does not fall within the jurisdiction of this Senate committee, and although this committee does not encourage funding earmarks, I believe it is important for the other members of the Senate committee to be made aware of the extent of Alaska's transportation needs. For that reason, today's comments will not be limited in that respect.

It would be impossible to accommodate everyone who has an interest in this issue and would like to speak, but we are doing our best, and have a long list of witnesses. Because of the limitations we do have on our time, I would ask that all the witnesses limit their testimony to no more than 5 minutes. We will accept written comments of any length, not only from today's witnesses but also from anyone in the audience who would like to submit them. Written testimony can be submitted by e-mail, and will be accepted up to 2 weeks from today.

With that, let us turn to our first panel today. I'm pleased to welcome Alaska's Lieutenant Governor, Loren Lehman; the Commissioner of the Alaska Department of Transportation and Public Facilities, Mr. Mike Barton, and Jeff Staser, the Federal co-chair of the Denali Commission.

Lt. Governor Lehman, would you lead off?

STATEMENT OF HON. LOREN LEMAN, LIEUTENANT GOVERNOR OF ALASKA

Lieutenant Governor Leman. Thank you and good morning, Senator Murkowski.

On behalf of Governor Murkowski and me welcome to Alaska and he sends his special greetings to you.

Senator MURKOWSKI. Hopefully he is feeling better this morning.

Lieutenant Governor Leman. He was cantankerous the last time I visited with him.

In Alaska, the vast distances and rugged terrain mandate using multiple linked modes, including marine, air, and land transportation systems. As you well know and we will learn even better, Alaska is the largest State in the Union, comprising one-fifth of the total area of the contiguous United States. I say that because many on your committee are not as fully aware of that. Yet, it has only 13,628 miles of roadways, less than the State of Vermont.

Only a few communities in our State have full accessibility the variety of travel modes common to most communities in the Nation. Nearly 90 percent of Alaska's communities depend on aviation for year-round access. These off-highway systems communities rely entirely on aviation for food, groceries, health care supplies, mail and transport to urban Alaska and elsewhere in our country.

The State of Alaska plans to continue building and upgrading our entire transportation infrastructure, including roads, airports, marine highways, harbors, and railroad to provide services to Alaskans and our visitors. Improvements will offer benefits including safety, consolidation of health and education services, access to resources, and work opportunities and lower costs. These improvements are essential to our economic growth and security.

It is difficult to convey to those for whom Alaska is not home what it is like to rely on an airplane for a medevac in a remote community. My chief of staff, who spent time in Cold Bay, has had the experience of waiting and waiting while a helicopter transporting a patient receiving CPR flew the shoreline for 45 minutes in blowing snow because the pilot could not see anything else. If the weather had been a little worse the helicopter could not have made the trip. A road in that region on the Alaska Peninsula would provide additional access between those communities. When power and phone lines go down because of high winds that reduces a remote community's options for delivery of health care because not only will the community likely be out of reach for advanced medical advice, but the planes won't be flying either.

I was raised, as were you, in this beautiful State, and in my professional life, especially before I became Lieutenant Governor, I was actively involved as a consulting civil engineer. I traveled extensively throughout Alaska and am quite familiar with its transportation systems as well as its utility systems. I will note that we face unique challenges but we are up to the task.

One of our Administration's primary missions is to assist in the building of a robust, growing economy that contributes to our Nation's security, food and resource needs. We want good job opportunities so families can care for their needs and our young people may have opportunity to work and live in Alaska.

An essential part of this economic opportunity is new and improved infrastructure across our State and access to our resources. This includes acquiring historic transportation rights of way, something we have actively pursued for years and a topic I testified about before another Senate committee chaired by another Senator Murkowski.

I am encouraged by the Department of Interior's new RS2477 agreement with Utah. That is good news for all western States. We will continue to work the commitment to the Federal Government has made to Alaska. Access improvements will bring many benefits, expanded transportation will improve access to health care and educational opportunities. It will also reduce the cost of living, for example, for groceries, fuel, power, building supplies and improvements in economies of scale available through access will allow better and broader use of government investments in schools, bulk fuel farms, health clinics, airports and harbors.

In closing, thank you for your interest in our transportation needs and for this field hearing. The Governor and I will work cooperatively with you to resolve them and we hope that you can share this information with your colleagues so they will better understand the challenges Alaskans face daily.

Senator MURKOWSKI. Thank you. I appreciate your comments this morning.

Now let's go to Mr. Jeff Staser with the Denali Commission.

STATEMENT OF JEFFREY STASER, FEDERAL CO–CHAIRMAN, DENALI COMMISSION

Mr. STASER. Thank you, Senator Murkowski and thank you for coming home and this opportunity to hear from us.

I would like to offer my comments for the record in written form and use whatever time I have to answer questions you may have.

Senator MURKOWSKI. If you could in as general terms as possible describe the Denali Commission's approach to addressing basic infrastructure needs and how this could be applied in the transportation arena through collaboration and sustainability?

Mr. STASER. The vision to date with about 4 years of experience has succeeded in being a catalyst for positive change by forming collaborations and our problem-solving approach through community-based and regional supported planning processes. We won't go where communities don't invite us. One of the criteria to invite us is an acknowledgment of our criteria for sustainability. It must be accepted that it's a life cycle approach to any structure we build. To date we have 50 clinics and hospitals under construction and about 25 fuel source facilities that all meet these criteria.

The collaboration of State, Federal and nonprofit and local communities has been extraordinary. Alaskans have risen to the challenges.

Senator MURKOWSKI. In your written testimony, you mention transportation infrastructure being the missing link and there are a couple other references where you focus on transportation as an integral part to effective and efficient delivery of services across the State. Could you explain to the committee what that really means here in Alaska.

Mr. STASER. Yes. A colleague of mine reported to Congress earlier, his name was Sheldon Jackson. His report was dated 1886. He answered that question about page five or six of his report. Talking about Alaska's transportation challenges, he starts with the sentence, very few, even of the more intelligent portion of American citizens comprehend its extent and physical characteristics. He goes on to explain that in part by saying, "Alaska is as large as

all of the New England and middle States together with Ohio, Indiana, Illinois, Wisconsin, Michigan, Kentucky and Tennessee combined or as large as all of the United States east of the Mississippi River and north of Georgia and the Carolinas." He goes on explaining the impact that has on the need in his mission of education for better transportation access. He was literally at the time traveling tens of thousands of miles by sea by small boat and it's not much different today. Small aircraft have helped but the challenge is still there and well articulated by Mr. Jackson. That was in 1886.

Senator MURKOWSKI. It's a shame we haven't been able to note any substantive differences since then.

The big challenge that we have in Congress is truly educating our colleagues about the extent of Alaska's unique geography. We will need the assistance of those of you in the Denali Commission and those of you here to testify or listen today to explain to the rest of the world that we don't have the same concerns, the same problems that most other States have because we just don't have the infrastructure yet.

Mr. STASER. That is absolutely the crux of the issue for us. We have found in the last 4 years the two things that make Alaska different are the climate and the isolation. The isolation in terms of public policy is profound. Here we have communities that are totally dependent on subsistence fisheries and yet agencies don't allow any dollar value for that when they do their benefit to cost analysis for whether or not they should build a harbor. It seems to me we're missing something in the same communities where maybe 40 percent of the diet comes across a port are not qualified for assistance in building that port because it is not recognized, there's not a dollar value put on that subsistence. That is an administrative change that could have a profound impact on economic self-sufficiency in order to feed those folks to have access to the sea and access to economic self sufficiency.

Another interesting quirk in Federal programs from my perspective is what we learned on commissions, we have unemployment statistics that disguise the true problem because of the way the statistics are defined. If you are not actively seeking a job or not receiving unemployment insurance, you're not unemployed. So you go to a community where access to a job may be 1,000 miles away by small boat or small plane, so the worker can't get to the job. They are not actively seeking that job, they don't have a job because maybe there's only five paying jobs in the entire community. If all five jobs are filled in a community of 250 people, does that mean they have 100 percent employment? Yes, according to Federal statistics.

I think there is a need to review how we measure the problem so we can react to those kinds of issues. Access to services that are taken for granted elsewhere, we assume our veterans in Alaska, we have a very high percentage of veterans, have access to the VA hospital. How do they get there? There are no roads and no rail. The collaboration locally and regions to have access to common fuel source facilities for three communities, if they could drive to the gas station, that could save tremendously on having to create separate, decentralized facilities for all.

Senator MURKOWSKI. Why is it going to be in the Federal Government's best interest to address Alaska unique transportation needs?

Mr. STASER. I think the Denali Commission has offered us all an opportunity to see the comprehensiveness of it all, how one issue affects another. I think it's in the Federal interest to promote access to the marketplace to level the playing field of other States and other economies. If you've got a work force engaged in economic opportunity, there is an impediment to that today and that's transportation.

We were looking at doing a power project in Bethel and the regional authority for the corporation did some research on the project and determined it is economically beneficial to import coal from Canada because there is no infrastructure in Alaska to get coal which Alaska has one-fifth of the world's known resource of coal to its own communities.

When we started building bulk fuel facilities we looked at where we get the steel and where we fabricate most cost effectively and that was Seattle. Half the steel comes from Canada, fabricated in Seattle and shipped to our rural communities because of the lack of infrastructure.

Senator MURKOWSKI. We have a long ways to go but I appreciate what you and the Denali Commission are doing to help spotlight some of the infrastructure needs. Thank you very much for your comments. Is there anything you'd care to add?

Mr. STASER. The only success the commission has had is by working with and through other agencies and helping to have some flexibility in Alaska. That's one of the things we can do is to collaborate an approach to problem solving. I think all our partner agencies would say that seems to be working.

We'd like to encourage that the Administration, State and Federal, work together in solving the access issues.

Senator MURKOWSKI. Thank you.

At this time, let's bring to the table, Commissioner Michael Barton of the Alaska Department of Transportation and Public Facilities. Welcome, Commissioner.

STATEMENT OF MICHAEL BARTON, COMMISSIONER, ALASKA DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

Mr. BARTON. Thank you.

I appreciate the opportunity to be here today to discuss some of Alaska's transportation needs.

As Lieutenant Governor Leman pointed out, due to the size of the State and the relative immaturity of our infrastructure, transportation plays a particular critical role in the lives of Alaskans. No where else in the U.S. is the cost of an apple and a trip to the doctor or the ability to access resources more directly affected by transportation.

As you well know, the great scale of our State presents some challenges but in addition to that, our geographic diversity is also an opportunity for us. Because of this diversity, Alaska is the leader i providing multimodal transportation services to our residents. The Alaska Marine Highway in southeast, the railroad, roads and highways of south central interior and the snow machine trails of

rural Alaska and the ports and harbors of the coast as well as the many, many airports that connect our State, this system remains an essential element for growth and economic opportunity.

To that end, Governor Murkowski has pledged to develop new transportation infrastructure while continuing to improve the existing infrastructures. The Governor has identified four projects that we recommend for high priority funding. Those projects are: the Gravina Island Bridge in Ketchikan which connects the community of Ketchikan with Gravina Island and its airport. This direct link will improve travel times, costs, and convenience, as well as remove the need to maintain and operate two ferries. The bridge also provides access to new lands that are suitable for residential, commercial, and industrial purposes. This project received startup funding as a TEA–21 high-priority project.

Second is the Juneau Access Project which will improve surface access to the State's capital. A 65-mile road along the Lynn Canal is the State's preferred alternative. The project is an essential link in the new regional transportation system.

Third, the Knik Arm Crossing will connect Anchorage with the Matanuska–Susitna Valley via a new highway and rail bridge. This project will significantly reduce travel times between the State's three main population centers Anchorage, Fairbanks, and the Mat–Su Valley and will help to spur economic development.

The Bradfield Canal Road Project would provide road access from Southeast Alaska to the Cassiar Highway in British Columbia and on to the contiguous 48 States.

In addition to these four projects, the Governor has also established two new programs to develop new roads in rural Alaska. These programs will provide new transportation links to and between communities and new access for the development of the State's vast natural resources.

Federal assistance in funding these programs is also of national importance since Alaska lands contain vast raw materials needed for our economy.

In addition to high priority projects, I have submitted some general principles which should be retained in the reauthorization of TEA–21. There are several provisions that are specific to Alaska which should be retained. I look forward to working with you and Congress and Senator Stevens to address those.

In closing, Alaska is a unique State with sizable and varied transportation needs. The vast amount of Federal land in Alaska has sometimes presented challenges in meeting those transportation needs. lt is critical that we continue to receive Federal support to expand and improve our transportation systems so that the needs of Alaskans and the country can be met.

I would be happy to answer any questions.

Senator MURKOWSKI. Thank you. I appreciate the focus the Administration has placed on transportation infrastructure and access to our resources. We know that is one of our big development problems if you will. You can't have economic development if you don't have transportation systems in place, the workers to do it and the highly trained work force and reliable energy. Transportation has got to be in there, so I appreciate the focus and spotlight that has been placed there.

With regard to the community access roads and the economic development roads, the two new programs that have been instituted, how do you intend to prioritize? Where do you start? Mr. Barton. That's a good question and we have been working through that. The obvious answer is you start where the highest payoff is and the quickest payoff. We have been looking at a number of possibilities around the State, particularly in the economic development category and focusing on those roads. We are still in the process of identifying the highest potential payoff.

Senator MURKOWSKI. I imagine the Administration will be working with the Denali Commission to identify and prioritize and figure out how we make these access roads, the economic development roads happen. As you say, we have to start somewhere and you typically look to where the highest payoff can be.

We look forward to many of these projects coming on-line. We appreciate your time this morning and thank you for joining us and for the information you provided to the committee. We look forward to working together.

We will now move to the second panel which consists of: The Honorable Beverly Masek, Co–Chair of the House Committee on Transportation, Alaska House of Representatives; Ms. Eileen Reilly, Vice President, Projects, Alaska Railroad Corporation; and Mr. Trefon Angasan, Co–Chair, Board of Directors, Alaska Federation of Natives.

I understand that Representative Masek may not yet be with us this morning, so we will wait to hear her comments when she arrives. Ms. Reilly, welcome. Mr. Angasan, if you would like to joint Ms. Reilly at the table, that would be fine.

Ms. Reilly, why don't we begin with you. Welcome to the committee this morning.

STATEMENT OF EILEEN REILLY, VICE PRESIDENT, PROJECTS, ALASKA RAILROAD CORPORATION

Ms. REILLY. Thank you, Senator Murkowski.

Alaska Railroad is a vital component of the transportation infrastructure for the entire State of Alaska. The railroad is comprised of 611 miles of track from Seward to Fairbanks and supports vital transportation needs for the entire State of Alaska providing links to and from other modes of transportation. The Alaska Railroad connects three major deep water ports, Anchorage, Whittier and Seward complementing the National Highway System.

Alaska Railroad supports the economic development of the communities through which it travels. We have come to understand our planning efforts must become more fully integrated with community need and desires. We have tried to integrate our planning efforts with many communities. Some of those are the Anchorage Metropolitan Area Transportation Committee, the Metropolitan Planning Organization of Fairbanks, and are an active participant in the informal Regional Transportation Planning Organization comprised of the Municipality of Anchorage, the Borough, the Alaska Railroad, the U.S. military and State legislature.

The railroad community outreach program ensures the public has an opportunity to comment on railroad plans and projects. We provide a lot of technical advice and support such as the Palmer

Urban Revitalization Project, Pt. McKenzie Road and Rail Corridor Study, Meadow Lakes Long Range Plan, Wasilla Area Intermodal Planning Study, the Fairbanks Rail Task Force and the Knik Arm Crossing Study.

As you know, this is an important year for the TEA–21 reauthorization. The ARRC is very pleased that you have a key committee position and support the leadership you have already shown. We have applied for FHWA high priority funding to support the growth of our communities for Fairbanks, Nenana and Wasilla. We have provided under separate cover those projects.

The Alaska Railroad believes in our mission of being a safe, high quality service and transportation provider to our freight, passenger and real estate customers. We believe in our mission to foster development of the Alaska's economy by integrating railroad and railbelt community development plans. The Alaska Railroad fully supports the Knik Arm Crossing as a vital road/rail link which will dramatically expand opportunity for development in the Matanuska–Susitna Valley.

The Crossing will dramatically improve the velocity of transportation movement throughout the entire region and its effects will be felt statewide. The Crossing, however, is only one piece of the total project. An equally critical component will be the connector on each side of the Crossing. Adequate transportation links will be vital to achieve all the benefits this vital project makes possible.

As the State looks at other opportunities to grow the Alaskan economy, the Alaska Railroad will take its lead from State and Federal policymakers regarding rail extension initiatives. The Alaska Railroad support extending and building new railroad links and believes this falls under its mission to foster State and community economic development.

The State will need congressional support to obtain capital funding for these initiatives that are important to the growth and development of the Alaska economy. A rail link joining Alaska and Canada could serve vital national security interests as well as developing a new transportation link to the lower 48. A rail link west of Nome will enable development of world class reserves of mineral resources in the Kobuk Valley and other deposits.

I would like to thank you for the opportunity to speak about the Alaska Railroad as a vital transportation provider.

Senator MURKOWSKI. Thank you. I appreciate your coming and do recognize what a key component the Alaska Railroad is in our transportation system across the State.

You mentioned two potential rail projects, a link across Canada as well as the spur to Nome. Is the railroad contemplating anything else in terms of a rail link or a rail spur?

Ms. REILLY. At this time, we don't have current plans. We're working on some of the strategic planning options for Canada. First, that might be to go Fort Greeley and Delta and help provide support there. We are looking at the potential to get to Nome but that is where our efforts are focused right now.

Senator MURKOWSKI. You mentioned the connector and the Crossing and I am pleased that in your written testimony you note the importance of not just the Crossing itself but recognize once we get to the other side, you have to have the transportation links

happening over there. It doesn't do us any good to put a bridge to the other side and not have it tie in with anything else. I appreciate the focus you made to that issue. Do you believe the connector Crossing should include rail?

Ms. REILLY. We absolutely believe it should, it's a vital part of the community, of the transportation infrastructure. If you want to be a world class developmental resource community, taking that step to connect with the railroad would keep an awful lot of trucks off the highway.

Senator MURKOWSKI. I know we are talking very preliminarily at this point in time but our discussions perceive that the Knik Arm Crossing, the railroad is a partner in those conversations?

Ms. REILLY. We absolutely are. We've been working with the different communities as well as the Hayes engineering firm that's been working on the Knik Arm Extension. We've been actively involved in looking at the options, making sure we have identified the Corridor.

Senator MURKOWSKI. Thank you. I appreciate your testimony this morning on behalf of the railroad and we look forward to working with you.

At this time, let's go to Mr. Trefon Angasan, Co–Chair, Board of Directors, Alaska Federation of Natives. Good morning.

STATEMENT OF TREFON ANGASAN, CO–CHAIR, BOARD OF DIRECTORS, ALASKA FEDERATION OF NATIVES

Mr. ANGASAN. On behalf of the Alaskan Federation of Natives, we'd like to take a few of our 5 minutes to extend our congratulations to you as the new Senator. We look forward to working with you in Washington as we address some of the issues that we're going to be dealing with.

For the record, my name is Trefon Angasan, Co-chair, Board of Directors, Alaska Federal of Natives. As you may already know, AFN is a statewide Native organization formed in 1966 to represent Alaska's 100,000-plus Alaska's Eskimos, Indians and Aleuts on concerns and issues which affect the rights and property interests of the Alaska Natives on a statewide basis.

On behalf of AFN, it's Board of Directors and membership, thank you very much for inviting AFN to participate in this process. It is a privilege and honor to testify in front of your committee.

I'd like to note that you extended the opportunity for the membership and the general public to submit testimony up to 2 weeks after today's hearing and we appreciate that opportunity as well because we do have Federation membership who will be submitting testimony to you in this regard.

Rural Alaska is home to more than 200 villages and in many of those villages, unemployment ranges from 60 to 80 percent. Many of the people in rural Alaska are unemployed and will remain unemployed, not because they do not want to work, but because for all practical purposes, there are no jobs other than jobs provided by the village corporations, the IRAs and other governmental agencies in rural Alaska.

Pursuant to the terms and conditions of the Alaska Native Claims Settlement Act, enacted into law on December 18, 1971, Congress authorized transfer of 44.3 million acres of land back to

the Alaska Natives through their ANCSA corporations. ANCSA promised, in part, that the settlement of the claims of the Alaska Natives against the Federal Government "should be accomplished rapidly with certainty in conformity with the real economic and social needs of Natives."

To date, none of the village and regional ANCSA corporations created pursuant to ANCSA has received their full land entitlements. One of the reasons for this delay is the lack of funds needed for the survey of the lands selected by the ANCSA corporations.

The ANCSA corporations, in particular the regional corporations, selected their land entitlements based on natural resources explorations they conducted on the withdrawn lands from which they may select their land entitlements. Red Dog mine on the NANA Regional Corporation is an example of a successful land selection process by a regional corporation. One of the primary reasons why the Red Dog Mine is a success is access to the land where the zinc is located.

Not all of the ANCSA lands with natural resource potential are being developed at the present time. Two of the primary reasons for this are the lack of affordable electricity and lack of infrastructure in place. The case in point on this is the Donlin Creek properties. It is estimated that Donlin Creek property has 11 million measured and indicates ounces of gold with a cutoff of 1.5 grams of gold per ton.

New studies undertaken by the Alaska Federation of Natives show that little has changed since 1994 when the Alaska Natives Commission concluded in its final report that "acute and chronic" unemployment was undermining Native society. Simply put, Alaska Natives need more jobs and economic opportunities in both the urban areas where many people have migrated because of the depressed economic conditions in their home communities, and in rural Native villages.

One of the means of creating jobs and economic development opportunities in rural Alaska is access to affordable electricity as well as development of transportation infrastructure. I believe that improving the transportation infrastructure in rural Alaska is a critical cornerstone to promoting economic development opportunities in rural Alaska. It will result in impressed access, lower cost of living where it is really needed. In summary, we are excited about the opportunities to participate. You are probably looking at the most innovative way of infrastructure development in Alaska with the Denali Commission and we appreciate sitting here listening to his presentation as well.

On the last panel today is Carvel Zimin, Jr. from the Bristol Bay Borough. He is probably going to advocate for a bridge and I'd like to go on record in support of that effort.

Thank you very much.

Senator MURKOWSKI. Thank you.

Tomorrow, I'm going to be speaking to the Tribal Transportation Symposium, the first symposium of its kind bringing representatives from across the State from various tribes, various communities and I am excited to hear what they have to say about the needs in their area. It will be a great opportunity for me to learn

more from the very remote areas what we need to do from their perspective.

Before we let you off the hot seat, perhaps I will learn this a bit more tomorrow, but does AFN have any mechanism for prioritizing projects? You stated you are officially on record supporting the bridge. How does AFN go about prioritizing?

Mr. ANGASAN. Part of a presentation that AFN prepared has enclosed a process of how we develop our priorities. Every year in October, AFN has an annual convention. At the convention, the membership of 200 plus villages, 13 regions and the entire Native community comes to Anchorage to attend the Alaska Federation Convention. At the convention, they pass resolutions. There are a number of resolutions that were passed. I believe there were five resolutions passed that addressed roads in rural Alaska specifically.

Senator MURKOWSKI. Is that part of your written statement?

Mr. ANGASAN. As part of my presentation, there is a copy of a February 7 letter from Mr. Demitri Philamala the president and CEO the Aleutian Island Association. We also have a letter dated February 14 from Mr. Terry Heperly, the Chief Operating Office for the Bissil Bay Native Association. On March 11, there is a letter from Loretta Bullock. I understand she's been invited to participate here. In the letter, she defines the transit needs so we do have a process to our madness in coming here. We solicit input from our membership and we referee the process. That's probably why I'm chairman of AFN because I'm a good referee.

Senator MURKOWSKI. Thank you. I appreciate your testimony and look forward to working with you.

Mr. ANGASAN. I will leave a copy of this with you.

Senator MURKOWSKI. I appreciate you being here and look forward to that written testimony.

Next let's go to the third member of panel two, the Honorable Beverly Masek, Co–Chair, House Transportation Committee. Beverly, it is wonderful to see you here this morning. Thank you for joining us. It's always nice to see my former colleagues and hear that all is well in Juneau.

STATEMENT OF HON. BEVERLY MASEK, CO–CHAIR, HOUSE COMMITTEE ON TRANSPORTATION, ALASKA HOUSE OF REPRESENTATIVES

Ms. MASEK. Good morning. Thanks to the members of the committee for being here today and welcome back to Alaska. I know you have a very tough schedule and there is a lot to do.

For the record, my name is Beverly Masek. I am currently the Co–Chair of the Alaska House Transportation Committee.

The opportunity to come before you today causes me to think about what is the mission of the U.S. Department of Transportation. In my mind it is to ensure a safe, accessible and convenient transportation system that meets the national interests, Alaska's statewide and local interests, and that improves the quality of the life of everyone.

Transportation in Alaska is very unique. As a former Iditarod Trail dog musher, I can personally attest that in this year of 2003, modes of transportation here in Alaska remain primitive on the one extreme, to reasonably modern on the other. From the west coast

of Nome to the interior city of Fairbanks, the primary transportation link is either by boat, four wheeler or walking int he summer, to snow machines and sled dogs in the winter, or in the modern sense, by aircraft. No roads exist.

From the north slope community of Dead Horse to the southcentral community of Homer, the road transportation system consists of gravel highways to two lane roads to a modern four lane stretch of highway. Each is unique in both form and structure.

In southeast Alaska, the marine highway system serves as the primary mode of transportation that connects each community, including the capital city of Juneau.

The primary method that brings everything together is airports. Air service provides the vital link to most communities in Alaska.

What can the U.S. Department of Transportation do to help Alaska build and grow? There is no question that Federal funding for transportation projects and infrastructure development is vital to the growth of the State. Specifically, the Knik Arm crossing connecting Anchorage with the Mat-su Valley via a new highway and rail link, is by far the most costly, yet the most important project that can and should be completed.

Anchorage being bordered by mountains to the south, east and north, and bordered by Cook Inlet to the west has pretty much grown to capacity. Not only will this crossing reduce the transit time into Anchorage, it will open the vast acreages of the western peninsula to both business and residential development. This link is vital to the future growth of southcentral Alaska and I would encourage any venue for funding available be pursued to make this great endeavor a reality.

In western Alaska, community access roads would be a big step forward in starting to connect our remote communities. Later on, these communities could hopefully be linked to the Alaska highway system. These new links will also enhance development of our vast resources, helping reduce dependence on Canadian and other foreign minerals and resources.

In southeast Alaska, their economic survival depends upon a road link to the Cassia Highway via Bradfield Canal is critical. Also, a road link to our State capital via either the Taku Channel or Lynn Canal is vitally important to connect all Alaskans to the State government and to our capital which is in Juneau.

Let's not just focus on roads. The airport system in Alaska is crucial to our economic vitality, not just to provide important links between communities, but to provide job opportunities for Alaskans. For example, at Ted Steven's Anchorage International Airport, cargo tonnage is fourth in the entire Nation. This capacity can be increased substantially by alleviating all cargo transfer restrictions among the airlines utilizing the facility. This is a very high priority for us.

It will also enable aviation carriers to bring America's imported commodities to other U.S. markets in a more timely manner, thus holding the line on costs of goods. We are working hard to create expanded opportunities for both U.S. and foreign cargo carriers. Enhancements to Ted Stevens Anchorage International Airport that will enable larger and more frequent landings are crucial to the economic stability in Alaska.

As you consider reauthorization of TEA–21 funding, at a minimum the Alaska exemptions and flexibility provisions must be preserved. If not for those exemptions, most of the needed transportation infrastructure in Alaska could never be built.

In closing, among your colleagues on the committee, the word rural will have different meanings depending on where they are from. For example, if I lived in Vermont, and took State Route 4A from Castelton to Rutlant, I would consider that rural. In Alaska, when you think and understand rural, you think of how to hitch up the dog team, catch the next flight, or find fuel for your snow machine. It is a vastly different concept and with your understanding of this concept, will come the understanding that without continued and substantial Federal funding and support, Alaska is inhibited in its ability to become a modern State by expanding and improving our transportation system.

Thank you very much for coming to Alaska to listen and understand the complexity of our transportation needs and issues faced by all Alaskans. Thanks for being here and allowing residents of this State to participate in this forum.

Having served on the Transportation Committee for about 9 years, I believe that transportation plays a very vital role in every Alaskan's livelihood. I commend your efforts and your staff for providing us with the venue to present to you.

If you have any questions, I would be glad to answer them.

Senator MURKOWSKI. Thank you.

You point out a very clear example of part of the problem we have in Alaska. Everyone has a different definition of what rural is. To most of my colleagues, rural means you're on a long, bumpy, dirt road that eventually takes you to a small town. We would be happy to have a long, bumpy, dirt road but it doesn't exist. As you point out, those means of connection are simply not out there in the vast majority of the areas of our State. So we need to be talking about the same definition of rural. In Alaska, it is not consistent with the rural definition in any other part of the country as far as I can tell.

I appreciate your being here this morning on behalf of the legislature. We had invited Senator Coudry to join us as well from the Senate Transportation Committee but I understand his legislative obligations didn't allow him to be here this morning.

I appreciate your comments and I wish the legislature every degree of success as you pursue the transportation priorities because as you point out, if we don't have the adequate transportation and the means to gain access to our communities, we are no further ahead. I appreciate your coming.

Now let's go to Panel Three and with us this morning for the third panel is the Honorable George Wuerch, Mayor, Municipality of Anchorage. Since we only have room at the table for two, let's have Mayor Wuerch joined by the Honorable Rhonda Boyles, Mayor of the Fairbanks North Star Borough. We will take you two first and move to the second half after that.

Good morning and welcome.

STATEMENT OF HON. GEORGE P. WUERCH, MAYOR, MUNICIPALITY OF ANCHORAGE, ALASKA

Mayor Wuerch. Good morning, Madam Chair and members of the committee staff.

My name is George Wuerch, Mayor of the Municipality of Anchorage. I am here this morning to testify in support of several changes in Federal law that impact public works and to champion two specific projects that I believe will greatly benefit the majority of Alaska State residents.

I also want to acknowledge from the outset the tremendous impact that TEA–21 and its successor legislation has had and will have on this State and on this Nation.

There is one particular Federal Act with which we wrestle and that is the National Environmental Policy Act or NEPA which has had grave consequences for many of our local public works projects. Because of Alaska's unique geography, practically everything we undertake requires us to navigate this cumbersome and costly process.

The Act is not the problem so much as its implementation. It takes far too long, it is expensive to comply and it invites litigation by organized, well funded environmental groups and it is inconsistently implemented by many agencies of the Federal Government.

I am sure the committee has heard these complaints aired before, but from our standpoint, what's really missing is recognition of the legitimate role for local government in the decisionmaking process. NEPA was designed to protect the integrity of the environment, but it has morphed into a regulatory strait jacket which supplants the economic needs of the community with agency preferences for environmental preservation.

Let me very specific on this issue. The problem lies in the application of NEPA to local decisions to expand or improve facilities that already exist such as changing highway intersections and adding traffic lanes to existing roads. In Anchorage where you have only one road in and one road out, when you have to go through a NEPA process to add a traffic lane, that is absurd.

We are stewards of our own community and Congress ought to recognize that by vesting communities with sufficient authority and latitude to undertake certain types of projects of transportation we can do it in a more efficient manner.

Now that I've outlined some of the difficulties we face in working with one Federal law, let me move on to a more pleasant topic, how the Federal Government can assist us in building the infrastructure necessary for this region to grow and prosper.

A roadless State, such as Alaska, needs to be able to apply traditional transportation to some non-traditional uses. Specifically, we are requesting that TEA–21 funds be allocated for expenditure on marine component infrastructure. I am not talking about funding for one-time projects but rather we seek a recurring revenue stream for marine projects. More than 80 percent of the goods that flow into the entire State of Alaska pass over the docks of the Port of Anchorage.

Our municipality is currently pursuing a major redevelopment program at the Port so that it can adequately serve our community as well as the rest of the State for the next half century. You'll

hear more about this project from the Port, but I wanted to touch on the need for programmed Federal assistance on an ongoing basis, just like most MPOs receive for roads. Our waterside facilities are critical to this community, the State of Alaska and to the Federal Government.

I would also like to reinforce the critical need for a road connection across Knik Arm to the Matanuska–Susitna Borough. Anchorage is a city hemmed in by geography and Federal land ownership. While we continue to build our economy and city, we are painfully aware of the diminishing amount of land available for development in the Anchorage Bowl.

For example, Anchorage has less than 7,000 acres of potential industrial land remaining within the entire municipality. By comparison, the Mat-su Borough has hundreds of thousands of undeveloped acreage just a short mile across the Knik Arm. Our two economies are already linked because many of that borough citizens are part of our workforce in Anchorage but in order for the Mat–Su Borough to take advantage of our existing infrastructure for its own economic development, it needs this road/rail connection as much as we do.

As you are aware, Metropolitan Planning Organizations are chartered by the Federal Government to make transportation planning decisions within their geographic boundaries. Our MPO is known as Anchorage Metropolitan Area Transportation Solutions. It would be extremely valuable to our planning process to be able to take into account the transportation needs of local governments adjacent to our own.

In our case, that would be the Matanuska Borough and the Kenai Peninsula Borough to the south. Unfortunately, neither of our sister municipalities qualify for MPO status due to population density and are not granted the same level of self determination that we are. We need, therefore, Federal recognition to assemble and seek funding for regional priority projects in conjunction with our next door neighbors.

We also believe that the funded allocation to MPOs should be directly transferred from the Federal Government. Passing the money to State agencies is simply inconsistent with the idea of local control in the planning and implementation of transportation solutions.

In closing I want to say I certainly appreciate the opportunity to address the committee and share some of our ideas on transportation issues that affect not only Anchorage but the entire State. I also want to express my appreciation for the committee's work in Alaska.

If there are any questions, I'd be happy to respond.

Senator MURKOWSKI. Thank you, Mr. Mayor. I really appreciate your being here this morning.

You mentioned NEPA and the difficulties inherent with that regulatory process and the inflexibility with the regulation. I admit it is a tough one. You point out specific examples that are just not reasonable, not necessary, how can you get around it. Do you have any suggestions, any specific language you might recommend that we take back that would specifically help you?

Mayor Wuerch. I think the fix here is to put into the Transportation Reauthorization Act a definitional condition that if there is an existing road or intersection where it's clear that is really the preferred and only alternative that going through the NEPA process is an unnecessary step.

When NEPA was originally passed, and I was in the permitting business in those early days with a gas pipeline company, I appreciated the impact on the Nation. It forced us to look at committing natural resources and protecting the environment but when we have an existing two, four, six lane highway and we want to add an extra lane, a turn lane or a high traffic lane, or where we have a road alongside the airfield within a hundred yards and want to add a cuplet instead of continuing to expand the existing corridor, we shouldn't have to go through the NEPA process.

That is the biggest issue. Putting a definition in there that clearly limits NEPA to where commitments were made in some cases generations ago to a transportation corridor and to continue to rehash that environmental assessment process is a waste of everybody's time and a huge cost and only leads to lawsuits.

Senator MURKOWSKI. What about the MPOs? You mentioned the recognition and it would be very beneficial to have some kind of Federal recognition for these regional priority projects with your adjacent neighbors. Any suggested language for that?

Mayor Wuerch. I think this is the kind of permissive statute that could be included where if an MPO in conjunction with their neighbors who are not MPOs want to jointly propose a regional project, that funding stream could come through the MPO. Right now the funding forks and it gets a little complicated but permissive legislation is always preferable when it comes to local implementation because it doesn't force one answer on the country but lets those of us who can benefit from this kind of option proceed more aggressively with centralized funding and pursuit of Federal dollars.

Senator MURKOWSKI. I appreciate your comments about the recurrent funding streams for the marine component. In talking with colleagues outside, we talk about the lack of uniformity when we define rural, we tell people we have a marine highway system and that's exactly what it is. This is our highway system. It's not something that there is any degree of recognition and appreciation of what it is we do. I appreciate your putting those comments on the record this morning.

Thank you for your time.

Mayor Wuerch. Thank you, Senator.

Senator MURKOWSKI. Now let's go to the Honorable Rhonda Boyles, Mayor of the Fairbanks North Star Borough.

STATEMENT OF HON. RHONDA BOYLES, MAYOR, FAIRBANKS NORTH STAR BOROUGH

Mayor Boyles. Good morning, Senator. Thank you for coming here.

Although I'm relatively new in the political arena, I don't remember a subcommittee coming to the State of Alaska for a hearing that I have been invited to. Thank you.

My name is Rhonda Boyles. I am proud Mayor of the Fairbanks North Star Borough. I appreciate the opportunity to testify before

this committee regarding the issue of importance to Alaska and more specifically to the interior of Alaska related to the reauthorization of TEA–21.

With approximately 84,000 residents, the Borough is the second largest population area in the State of Alaska and covers 7,400 square miles, including two cities, Fairbanks and North Pole and numerous smaller entities.

Landownership in the Fairbanks North Star Borough includes 4.7 million acres and over 51 percent belonging to the Federal Government or 2.4 million acres. The State has 35 percent, the University of Alaska has 2 percent, the Borough has 3 percent, the Corporation 1 percent, and privately held is 9 percent. It is obvious to me that the Federal Government has the largest interest and therefore I believe a larger obligation for infrastructure development in the interior of Alaska.

As many have said before me, Alaska is a young State, diversified in population, geography, culture and demographics. It is undeveloped and compares to a Third World country in many area when we discuss infrastructure. There is absolutely no way that a sparsely populated State can afford to build the transportation and utility networks needed to develop our national assets for the benefit of the entire United States. We need and our future residents deserve an intermodal approach to facilitate economic development and quality of life that many other Americans simply take for granted.

Alaska's resources are a critical part of the North American energy market and specifically a major part of domestic production. We pass 35 trillion cubic feet of known natural gas reserves and upwards of 155 trillion cubic feet resource potential. Alaska Gas has provided secure supply of reliable natural gas to the United States and public infrastructure upgrades are needed in order to continue developing our abundant and demanded resources.

The State of Alaska, as our Lieutenant Governor noted, is equal to 20 percent of the area of the entire United States. It is geographically located to provide the Nation with a strategic defense asset. Presently, at the border of the Fairbanks North Star Borough, the Department of Defense is building a defense system. This critical project is located on the Richardson Highway. This highway was built, happy to say, Lisa, before you and I were born, in 1943. It has had a series of interesting patches over the last 60 years but it is still two lanes wide and very narrow, not to mention the inferior quality with permafrost and earthquake damage.

The upgrade of this highway is critical to defense, mining, shallow gas leasing and the development of the railroad as well as our No. 1 industry which is tourism.

The infrastructure projects mentioned here today as well as the Dalton Highway, Richardson Highway, Alaska Highway and Haines Highway are important projects needed to provide public safety and convenience and to promote future development of Alaska's resources. Improved transportation infrastructure which coordinates airports, roads, ports, bridges, rail and utilities will bring needed benefits to the State of Alaska, its economy and its residents while benefiting the Nation as a whole financially and economically.

Specific areas of concern to the interior are we have thousands of miles of roads built by residents who tax themselves in the form of service areas. These utilitarian roads are inferior and unsafe and have not been upgraded for many years. This year we have requested support to bring those areas into local compliance.

I thank my counterpart Mayor Wuerch for mentioning NEPA. Alaska's unique climate and land conditions make conforming to burdensome rules and regulations cost prohibitive. The wetlands issues are a major concern for the development projects and often issuing the necessary permit holds up the project for several very short construction seasons. Less restrictive administrative requirements or less wetland designation would decrease project costs and certainly improve productivity.

The entire State has a challenge under the Clean Air Act amendments of 1990 and was designated as a nonattainment area for carbon monoxide due to its unique climate and inversion. The continuation and needed flexibility of the Seamack Grant Program is critical.

Again, thank you, Senator, for being here and thank you for providing me with the opportunity to represent my constituents and their needs.

Senator MURKOWSKI. Thank you, Mayor Boyles. I appreciate your being here this morning.

I appreciate the comment you made a couple different times in your testimony about the recognition of tying the utilities in. As has been pointed out repeatedly in the testimony this morning, we lack a lot of basic things and we are hoping in terms of the transportation infrastructure, we will be able to move forward on them, but we also have an opportunity in that because we are doing things in many areas for the first time, we have an opportunity to tie some of this together. You mentioned it in your quick overview of the intermodal project up north, an opportunity to have a transportation corridor that has with it utilities that are tied in.

Because we are starting from the ground up in many places, we can have some enhanced efficiency, if you will, but we have to be forward thinking about it and we have to work together. We can't be doing the road and doing the rail and then utilities come in separately. We need to be working together in concert to get these efficiencies. We should view that as an opportunity and I appreciate your bringing that up in your comments.

With that, thank you for joining us this morning. I appreciate hearing the views of the north.

Let's next bring on as the balance of panel three, the Honorable Tim Anderson, Mayor, Matanuska–Susitna Borough as well as Cheryl Coppe, Executive Administrator for Development, Port of Anchorage, Municipality of Anchorage.

Good morning. Mayor Anderson, it is a privilege to be within the Matanuska–Susitna Borough this morning. I will note for the record that when we were determining where we were going to have this field hearing this morning, it seemed to make good sense to be here in the part of the State that is growing probably the fastest, the most rapidly and as we look outside, probably has some of the greatest transportation needs of the area.

We are pleased to be here in your part of the State this morning. With that, if you would like to proceed with your comments?

STATEMENT OF HON. TIM ANDERSON, MAYOR, MATANUSKA–SUSITNA BOROUGH

Mayor Anderson. Thank you, Madam Chair.

The comments you made are very true. We are kind of the central region of the State and we have a very fast growing population, the fastest in the State.

For the record, my name is Tim Anderson. I am the Mayor of the Matanuska Borough.

Before I begin, I would like to welcome you on behalf of the residents of the Matanuska–Susitna Borough to our borough and welcome your staff too. I have met them all now and am looking forward to interacting more with them. I do hope you have a little time to spend some time in our valley today.

It is an honor to host the hearing of the U.S. Senate Committee on Environment and Public Works in the interest of transportation. We are encouraged that you are recognizing the unique needs of Alaska by your willingness to hear from our residents.

My testimony today will highlight three transportation related issues and part of what I will be talking about you have already heard about and I will approach it from a little different angle but it is kind of the same thing. It is nice to sit here and hear that different governments have the same type of feelings about what is going on.

The topics I would like to cover are the need for direct involvement in Alaska's local government in the transportation projects in the State, the undeveloped nature of Alaska's transportation network and the importance of trails to the Alaska way of life.

We believe there should be a much closer and direct working relationship between the Federal transportation agencies and the local governments in Alaska. As it stands today, there is little if any interaction between these parties. In Alaska, local governments must work through the State Department of Transportation. While Alaska DOT does an admirable job, the needs and messages of the local governments do sometimes become lost and sometimes receive a lower priority than that of the State and the national road systems.

We believe that the new transportation bill should provide Alaska's local government with the same authority that is provided to local governments in other States. There are several benefits to doing this. Mayor Wuerch mentioned a few of them and the Federal agencies would have a much better understanding of what we need here at the local level. There would probably be a reduction in the administrative costs the State takes with the low costs we would have here for our local governments. At the local level, that would allow us to put more money directly into the transportation projects.

Local governments are the closest government to the State's residents and therefore we have a better understanding of the needs of our community and transportation has a locally elected official and 75 percent of the calls I get are transportation related.

Let me describe briefly how it might work if we had the Federal Highway Administration providing funding directly to local governments. The Federal law should allow a relationship to be formed directly between the Federal Highway Administration and the local government to allow Federal officials to better understand our needs.

The Federal Highway Administration has already demonstrated the desire for a closer working relationship with local governments. We have established the Local Road Coordinator's Program which consists of a representative from local government from each of the 50 States to coordinate and discuss local government issues. The Federal Highway Administration has also established a local technical assistance program which serves local and tribal governments in training technical assistants in technology transfer. It is a very successful program.

The Federal highway funds would be awarded directly to local governments and would allow local governments to set priorities for local projects based on the needs of the residents. Local road construction projects could be completed sooner by eliminating the State's requirement that forces community roads to compete for funds with the national highway system. Traffic congestion problems could be alleviated before they reach crisis level. That is what most of my issues deal with. It is reactive instead of proactive.

Federal Highway funding would relieve some of the burden placed on the local property tax payers by allowing us to improve roads that to the Federal level may seem minor but to us they are roads of major importance to our community.

We also feel these same techniques could be used with other Federal agencies such as the Federal Transit Administration, some of the money we have for projects like our ports goes through the FTA.

The second topic I would like to talk about today is the undeveloped and underdeveloped transportation system in Alaska. I have lived all over the State of Alaska and am familiar with the bush as well as the road system. We have a few highways connecting our major population areas and this area we call the road system. Most of the State is not connected by roads. We have two pipelines of significance, we have electrical and natural gas lines mostly found near the State major highway systems. We have a host of airports and airstrips with few navigational aids and an assortment of docks and harbors, most having minimal facilities.

This lack of a developed transportation system hinders the boroughs and the State's economic development in many ways. First, it increases the cost of doing business since it takes longer for goods to be delivered to the business and to be shipped from the businesses. Being a long time Alaskan, we all know that you have to wait many times for things to get to us, especially rural Alaska.

Increasing traffic congestion in our urban areas is causing increased travel and delivery times or delays in these times, increasing the cost of transporting our natural resources, making them less competitive in the world markets. We are seeing that now with the issue of the coal system where they are trying to get the coal competitive. That makes it harder because transportation is a large cost of moving that coal.

The higher transportation cost for natural gas and electricity and the underdevelopment also hinders tourism and tourism is one of our big developments in this State by not having access to numerous State and national parks in our historic and cultural destinations, so there is large down side to this.

Basically, an efficient and effective transportation system is necessary to a strong economy. Alaska's economy will grow with an adequate transportation system.

I would also like to go on record at this point in saying the Matanuska–Susitna Borough fully supports the Knik Arm Crossing Project. We see this as a natural extension of the transportation system. We are developing a port down there and the Knik Arm Crossing will play directly into that with rail. We are also developing a corridor that goes from the port to Houston area to connect to the railroad and that will also be a corridor that includes road and utility and rail. So we are looking ahead and planning that now. That is very important to economic development in this borough.

Last, I would like to touch on the importance of trails to Alaskans. Trails are an important part of Alaska's transportation system. Currently, the transportation projects that come down are generally highway related and they have bike and pedestrian trails along the major roads. We have some rail to trails projects.

Alaska's trails are different. We use trails in a different manner and being Alaskan, I know you are aware of that. Trails are not considered a mere enhancement but are actually another level of road, another way of commuting from one place to another.

As you are aware, many of our residents use trails, especially in the rural areas to access hunting areas or landfills, the other communities in the area, to go shopping, to get their groceries. You get on a snow machine or a four wheeler instead of getting in your vehicle. Trails also provide a more cost effective of linking communities since the cost of construction and maintenance is much less than that needed for roads.

I would also like to add that I think a good trail system could and should become a public safety issue also. We have a lot of people in the State that get lost each year and a good trail system would prevent that. I have done a lot of trail marking in my day for dog sled races and I know the trail is very important to someone who doesn't know an area. They have to follow the markers. That next marker is very reassuring to know it's there, that you are still on the trail. Many of our rural residents rely on snow machines and four wheelers as a primary method of travel and trails are a much more appropriate infrastructure for these areas.

In conclusion, I would ask that the reauthorization of TEA–21 and other Federal transportation legislation allow local governments more directly with the Federal agencies. I think that is important.

As I mentioned, I would like to see more recognition for trail systems.

We certainly request that TEA–21 continue to recognize the unique transportation system for the State of Alaska.

Thank you again, Madam Chair, for the opportunity to testify today. We are glad you will be taking this back to your committee.

We also are extremely happy that you selected Matanuska–Susitna Borough as your location for this important hearing.

Senator MURKOWSKI. Thank you. It is nice to be here this morning.

I will take this opportunity right now to say that on Friday I did introduce legislation that would address the snow machine trail issue you brought up. As you point out, in so many of our areas, snow machine as a means of transportation is primary to some communities. We don't really do anything within our existing transportation system to address that. So the legislation I have introduced would work with the Secretary of Transportation so that we identify the extent of the fuel tax attributable to snow machines for use in that State. Then those funds would be used within the State for maintenance, marking, construction of snow machine trails.

In addition, there would be a specific amount that is allotted toward snow machine education safety which, as we know, things happen in this State and given the environment and the climate, when things happen, we need to be prepared for them. So it is an initiative in our State as well as so many other northern States where snow machining is not only a recreational sport but is a primary means of transportation for so many.

I am hopeful that we will make good progress with this because it is something whose time has definitely come in our State, so we will be pushing that. I appreciate the opportunity to talk about it this morning.

I do appreciate your comments about the Knik Arm Crossing and your support for it. You made the comment that typically we are in a reactive mode as opposed to a proactive mode. I would like to think, particularly with the Knik Arm Crossing, that the community on this side, and I live in Anchorage so I am doing it from across the water this way but that it will be a concerted, cooperative effort as we address what happens when we get that bridge from one side to the other. Anchorage is already developed and we have a lot of room to grow over here but if we can coordinate it and be proactive about how we develop it rather than reactive and just hope that it works.

The point was well made by the Alaska Railroad when Eileen Reilly spoke earlier, the fact that once we get to the other side, we have to know how the pieces are going to fit here. I hope that is part of a long range plan for the borough.

Mayor Anderson. It most definitely is. We established what we call an RTO which are regional transportation organizations with members of the Municipality of Anchorage and the Matanuska–Susitna Borough. We have been working together now for over 2 years and recognize that as our top project. That is exactly what we are doing, planning and putting together all these details in a proactive manner to make it happen so it works for both of us. So you are seeing very much a joint effort between us with the regional project.

Senator MURKOWSKI. Thank you for your comments this morning.

Let's next go to Cheryl Coppe, Executive Administrator for Development, Port of Anchorage, Municipality of Anchorage.

STATEMENT OF CHERYL COPPE, EXECUTIVE ADMINISTRATOR FOR DEVELOPMENT, PORT OF ANCHORAGE, MUNICIPALITY OF ANCHORAGE

Ms. COPPE. Good morning, Senator Murkowski. On behalf of Governor Sheffield, of the Port of Anchorage, and myself and I am also here representing Mayor Wuerch, so I must say we all do terribly appreciate the tremendous level of interest you have shown in such a short period of time. It is pleasing and it has been very beneficial to us.

Madam Chairperson and members of the committee, thank you for this opportunity to present testimony on behalf of the Mayor of the Municipality of Anchorage, George Wuerch and the Director of the Port of Anchorage, former Governor William Sheffield.

I will discuss the regional and national importance of the Port of Anchorage and the need for Federal funding to support the rehabilitation and expansion of the Port through its Port Intermodal Expansion Project.

The Port of Anchorage is a freight and passenger marine transportation facility of approximately 130 acres. It is Alaska's regional port, a department of the Municipality of Anchorage, but self-supporting. The port receives no tax support from the municipality and, in fact, pays an annual assessment in lieu of taxes to the municipality from its net profits.

The port is the keystone and hub of a massive multimodal transportation system that helps Alaskan businesses remain competitive with their counterparts in the lower 48. It is estimated that the port contributes approximately $725 million annually to the State's economy. For this reason, the port is considered a major economic driver, serving not only the Municipality of Anchorage.

Eighty percent of the State's geographical area receives cargo from the port that is transshipped by truck, train, plane and barge to final destinations throughout the State. The population of the same area receives more than 90 percent of its consumer goods through the Port of Anchorage. Additionally, the Port of Anchorage weighs significantly on the economic security of the Pacific Northwest. The flow of cargo to and from the port wields potent indirect economic impacts that affect the Puget Sound area of Washington because Port of Anchorage operations drive more than one-third of all the cargo operations at the Port of Tacoma.

Not large by international standards, the Port is recognized as one of the most efficiently operated container ports on the West Coast and consistently ranks in the top 25 container ports in North America for the volume of cargo moved through its facilities. Four million tons of cargo move annually across the docks and through its marine terminals.

The port's petroleum terminals serve the communities of South Central and Western Alaska. Jet fuel used by Elmendorf Air Force Base and Ted Stevens Anchorage International Airport also moves through the port's petroleum terminals and is transported by pipeline to those facilities.

Local military planners, recognize the Port of Anchorage as a "critical node" and a "strategic port" under certain Department of Defense contingency planning scenarios. Because of its strategic value, location and proximity to neighboring military commands at

Elmendorf Air Force Base and Fort Richardson, the Port of Anchorage is a critical component for certain DOD strategic activities concerning mobilization planning.

For these reasons, the Port of Anchorage entered into a Federal Port Controller service agreement on April 27, 1987 which is still in effect. Additionally, the port maintains close professional working relationships with the Military Traffic Management Command, Military Sealift Command, and all local and statewide military logistics and transportation officials.

During March 2003, the Port of Anchorage received letters from Lieutenant General Carrol Chandler, Commander of the Alaskan Command, and Major General John Brown of the United States Army, Alaska. These letters endorsed the Port Intermodal Expansion Project. In particular, the Road and Rail, Barge Terminal and Harbor Deepening phases of the project will support the rapid deployment of the Army's new Stryker Brigade Combat Team and enhance the Department of Defense's ability to more rapidly process troops and equipment for any worldwide deployment. These near term phases of the port's expansion plans are especially important to the Stryker Brigade because it so operational capability in Alaska is scheduled for May 2005.

This month, U.S. Army Alaska, with the support of the Alaskan Command, began the process for designating the Port of Anchorage as a national strategic port. There are 13 strategic ports currently in the Nation. The Port of Anchorage would become the 14th.

Stryker Brigade combat teams are cornerstone assets in the new Department of Defense paradigm of rapid readiness and deployment now considered critical to the Nation's security. Therefore, port expansion planning will include designs for the necessary security, operation and maintenance infrastructure that must support this critical responsibility.

The port is preparing for the near and long term future needs such as the ones I just described of both the State and the Nation by initiating extensive rehabilitation and new construction in multiple phases over an expedited schedule from 2003 through 2008 under its Port Intermodal Expansion Project. The Maritime Administration recently became the Federal lead agency for this project through special legislation passed in the 2003 Consolidated Appropriations Resolution.

The port states with pride that the port expansion development and administrative concepts it and MARAD will employ are unique and audacious, especially when compared to the customary U.S. Department of Transportation project delivery process. This is the first major marine transportation infrastructure project ever sponsored and supported by MARAD and the U.S. Department of Transportation.

The Maritime Administration and the port sought to make this arrangement an "innovative partnership" that integrates modes of transportation, water, road and rail, into a cohesive system, exemplifying the type of intermodal, public, private, commercial-military initiative that will define the U.S. Marine Transportation System in the 21st century.

Also, in consideration of the collectively unique combination of characteristics the Port Intermodal Expansion Project possesses,

MARAD and the U.S. Department of Transportation plan to nominate the port expansion as a high priority, major transportation infrastructure demonstration project of this Administration.

The phases of this project include but are not limited to: road and rail access development that will provide direct loading of containers from vessels onto rail cars; barge terminal facility and storage areas that will accommodate military high speed sealift capability, movement of heavy equipment and oil field module construction; a 1,200 foot multipurpose dock designed to handle a variety of vessels including cruise ships, and the dock also features new petroleum piers designed for deeper draft, double-hull tankers that will call at the port; rehabilitation and widening of the existing dock to meet increasing weight requirements and accommodate three new 100-foot gauge container cranes; reconfiguration of all cargo transit, storage yards and terminals and deepening of the authorized dredge depth of the Anchorage Harbor and Navigation Channel from—35 feet at low tide to—45 feet. This project phase will occur in partnership with the U.S. Army Corps of Engineers.

The total cost for all phases of the Port Intermodal Expansion Project is estimated to be approximately $227 million. Proposed project shares are 38 percent nonFederal, 27 percent appropriations earmarks and 35 percent from TEA–21 reauthorization. The Port currently has $55 million available as its contribution toward the anticipated nonFederal portion of port expansion costs.

In conclusion, implementation of the Port Intermodal Expansion Project will provide the major transportation infrastructure necessary to move Alaska's regional port, the Port of Anchorage, into the future, meeting commercial and military needs of the State, the region and the Nation. This project can also become the benchmark for Marine transportation system development throughout the Nation.

However, the ultimate success of this project relies on the support of the members of this committee, their colleagues in both houses of Congress and their collective commitment to provide the Federal financial resources necessary to make it a reality.

Madam Chairperson, this completes my statement. I again thank you for the opportunity to testify today on behalf of the Municipality and the Port of Anchorage. I will be pleased to answer any questions you may have.

Senator MURKOWSKI. Thank you. I appreciate your testimony and it is exciting to hear about the opportunities that are presented to us with the Port of Anchorage. I am very familiar having represented this areas in my 4 years in the legislature as well as being a native. The good Mayor knows that I am always watching what is going on down below and when appropriate, I give my two cents worth. It is good to see that it is being recognized for its strategic location and all that we are able to accomplish within the port.

The one concern that I have always had is the geographic confines of the port. We are just tucked away in there between Elmendorf on one side, the water on the other in kind of a bottleneck that we have often talked about.

I am pleased that the port project is underway and it looks like Governor Sheffield will be able to accomplish what he is seeking

with this. I have always encouraged a good, cordial and friendly relationship between the Port of Anchorage and the Matsu port because in my mind that is where I see the future. There is a recognition we can only go so far given the physical limitations of the Port of Anchorage. I want to encourage on the record the continued working relationship because as Anchorage grows, as the Port of Anchorage itself grows and we agree to take on some of these other initiatives there is a recognition that at some point we run out of room. The next natural place to go is right across the water to a very convenient spot where I understand there is great cooperation.

So take that back as my only concern to the continuing communication and good working relationship.

Thank you for your testimony this morning.

Let us then move to the last panel for the morning and this consists of Mr. Carvel Zimin, Jr., President, Bristol Bay Borough Assembly; and then we will pick up our two mayors from Palmer and Wasilla once Mr. Zimin has concluded his testimony.

Good morning. Welcome to the committee. Thank you for joining us all the way from Bristol Bay.

STATEMENT OF CARVEL ZIMIN, JR., PRESIDENT, BRISTOL BAY BOROUGH ASSEMBLY

Mr. ZIMIN. Thank you, Senator Murkowski. Thank you for the opportunity. I am in awe of all the company here.

My name is Carvel Zimin, Jr., an Alaskan Native born in South Naknek, lived there all my life. I serve as President of the Bristol Bay Borough Assembly. We have five assemblymen, a mayor and a manager. We were the first borough municipality to form in the State of Alaska in 1962.

My focus today will be on the Bristol Bay Borough Resolution 2002–16, priorities one and six.

First, the Naknek River Bridge Project, the borough assembly agrees that the single most important thing that could happen to enhance economic growth of the borough is a bridge across the Naknek River, thus its No. 1 ranking.

I personally hand delivered our request to our delegation in Washington, DC. as you see before you in a letter to the Honorable Don Young dated March 1, 2003, and a transportation project evaluation criteria form.

We believe this project will bring real benefits to both the region and the State as a part of the State of Alaska's Southwest Alaska Transportation Plan. Residents of the region are in strong support of the project. Bristol Bay has some of the world's largest returns of wild, natural salmon, including the much prized Sockeye or Red Salmon. Commercial harvesting for Sockeye has occurred since the 1890's. There are still numerous large fish processing facilities that will benefit from completion of a bridge. Also residents of Bristol Bay would benefit greatly.

Currently, school children from South Naknek, sixth through twelfth grades are flown daily to and from South Naknek to attend high school in Nakanek. Employment opportunities for the Bristol Bay residents would improve along with health care access and the availability of an all weather airport by South Naknek residents. Public works, public safety, fire and EMS, community development

and support services, solid waste, schools, ports, libraries, and quality of life things would benefit from combining services at a cost savings to the borough, region, and industry.

We would like to see exploration for shallow natural gas development and transfer to our local utility for cheap electrical generation.

Finally, on No. 6, improvements to our existing borough dock would help tremendously as we are spending close to $200 million per year in upkeep to our main port of entry for freight. Normal life span of a concrete and steel piling dock is 20 to 25 years. We are experiencing normal wear at 22 years.

We average 21st in the ranking for pounds and dollars of all U.S. ports. This is only canned fish and does not include containers of frozen salmon shipped to Dutch Harbor, Alaska.

In conclusion, thank you very much.

Senator MURKOWSKI. Thank you, Mr. Zimin. I appreciate your testimony here this afternoon and this morning. I think many people would be shocked to know that school kids are transported via air, and perhaps might think what an extravagance, but for your constituents, the people in your community, it is not an extravagance, it is a necessity.

Mr. ZIMIN. It is a necessity. I was, like I said, born and raised into the community and I've done the same airplane trip every day all the way through high school. We almost think it is normal to do that, that that's what we have.

I have a conclusion, I guess. In giving an analogy for transportation projects in the U.S., if you want to respectfully think about the continental U.S. as a dart board and you have two darts and you threw the two darts at the dart board, you could probably drive between the two darts, whereas in Alaska you've got to be a pretty good shot to be able to do that.

Senator MURKOWSKI. I couldn't do it, I can guarantee you that. That's a good analogy though.

We've had a little bit of discussion this morning about roads connecting villages within a region. Would you care to comment on that within the Bristol Bay area?

Mr. ZIMIN. I think roads within the regions are really important. It's really what ties communities together. We know that at some point every road will be connected, and we really do need the resources, but we would like to concentrate on things that could actually benefit the community immediately, and with the bridge, hopefully, they can also do shallow gas exploration and possibly resource development to bring to our community the three communities—connecting the three communities with cheap electrical generation for the local utility.

Senator MURKOWSKI. OK. We appreciate your comments this morning and your joining us. Thank you.

Mr. ZIMIN. Thank you.

Senator MURKOWSKI. Let's now bring to the table our last two this morning, not last for any reason other than as local mayors of the city of Palmer and the city of Wasilla. We knew you were going to be here for a while and appreciate your patience this morning, The Honorable Jim Cooper, Mayor of the city of Palmer, and The Honorable Dianne Keller, Mayor of the city of Wasilla.

Welcome and good morning. Thank you for having us in your community.

Mayor Cooper?

STATEMENT OF HON. JIM COOPER, MAYOR, CITY OF PALMER, ALASKA

Mayor Cooper. Thank you, Madam Chair, for providing this opportunity for testimony on transportation infrastructure needs in Alaska. On behalf of the city of Palmer, I welcome you to our community and hope this hearing and your time in our community is fruitful and informative. It is nice to see you again.

The city of Palmer is not a large community, but it is representative of so many communities in the United States that are experiencing growth and trying to meet the challenges of building and improving local transportation infrastructure. Palmer has the highest population density of mid-sized Alaska cities by a factor of two. Palmer is experiencing an annual growth rate of 7 percent, and the capacity of our transportation infrastructure is not keeping up with that growth.

Palmer is served by the Glenn Highway from the north and south, the Old Glenn Highway from the east, and the Palmer–Wasilla Highway from the west. The Glenn Highway, a Federal interstate highway, passes directly through Palmer. All of these road,s including local Palmer city streets, have experienced tremendous increases in usage in recent years, and all of these roads are in need of capacity and safety improvements.

Traffic on the Glenn Highway south of Palmer has increased 100 percent in 10 years and has reached levels that suggest it be improved from its present two lanes to four lanes. Traffic on the Palmer–Wasilla Highway has increased 50 percent in 10 years, creating the need for either a major capacity improvement or construction of another parallel route.

The need for these projects has been identified for some time. These projects and many others are listed in the State of Alaska's statewide Transportation Improvement Program, STIP; yet years pass, traffic and congestion increase, and these projects are bumped back again and again in the STIP schedule, often due to an overall level of funding that is not sufficient to address transportation needs on a timely basis. We believe that the current level of Federal highway funding is not adequate to meet the growing—and increasingly deferred—transportation needs of our area.

As we plan for improvements to the Glenn Highway through Palmer, a Federal interstate highway, there is a compelling need to design those improvements so that they enhance, rather than divide, our community. Also, the Glenn Highway has recently been designated as a National Scenic Byway. Because of this designation and to recognize the needs of our community, the city of Palmer, in cooperation with the State of Alaska, hopes to develop an urban boulevard design for the Glenn Highway through Palmer. This approach will combine pedestrian facilities and landscape improvements with roadway capacity improvements so this project fits into our community.

In regards to local roads, Palmer has had several local projects listed in the STIP. The city has worked with the Alaska Depart-

ment of Transportation and Public Facilities to construct some of these projects. Our success in some of these projects has been due to a high level of local participation. The city believes some local projects can be done on a more timely, cost-effective and efficient basis if project funds are transferred to the local municipality through a memorandum of agreement.

There are other important transportation elements that deserve continued attention and funding. The city of Palmer is involved in a project funded through a Federal Highway Administration Transportation and Community and System Preservation—TCSP—program grant to improve the Alaska Railroad right-of-way through Palmer. This urban revitalization project, made possible by a partnership of State and Federal agencies and the Alaska Railroad, will construct pedestrian and bicycle pathways, parking areas, and other improvements to enhance alternate means of local transportation in our community. This is also a project which will be an important part of an area-wide system of trails connecting Sutton to the north, the Butte and Knik River areas to the east, and Wasilla and Big Lake to the west. To the south, the project will connect to a new park-and-ride facility soon to be constructed at the Alaska State Fair in Palmer, using Federal Transit Administration funds.

In summary, we stress the need for continued and increased levels of Federal funding for transportation improvements in Alaska, and for the continuation of programs that allow close coordination of transportation improvement planning with the needs of local communities.

Thank you for the opportunity to testify before you today, and thank you again for convening this hearing in our community.

Senator MURKOWSKI. Thank you. It is a privilege to be here.

You point out that the transportation infrastructure is simply not keeping up with the growth of this area. Again, we have been reactive rather than proactive. Do you have any suggestions on how to get ahead of the curve?

Mr. COOPER. Well, that's a great question. You know, we have some plans on the drawing board. We do need another north-south connection that will allow the folks that live halfway between Palmer and Wasilla to access the Glenn Highway. We also need another east-west corridor, which we refer to as the Boulevard East extension, which will reduce the traffic congestion on the Palmer–Wasilla Highway.

I think that those two are probably critical in the very near future to help resolve some of these problems.

Senator MURKOWSKI. OK. Well, I appreciate your coming.

Let's now go to the Mayor of Wasilla, the Honorable Dianne Keller. Welcome and good morning.

STATEMENT OF HON. DIANNE M. KELLER, MAYOR, CITY OF WASILLA, ALASKA

Mayor Keller. Thank you, and welcome home.

Madame Chairman, my name is Dianne Keller. I am the Mayor of the city of Wasilla, one of the fastest growing cities in the fastest growing region of Alaska. The 2000 census shows that Wasilla has grown 35.7 percent since 1990, and 15 percent last year. This is more than double the statewide Alaska growth rate of 14 percent

during the same decade. That growth rate is predicted to continue at least 20 years into the future. With that growth comes an unprecedented demand for basic services, including roads and water and sewer, the provision and funding for which this committee has direct oversight.

This unprecedented growth has also led to a major commuting phenomenon from Wasilla to Anchorage, where many of the residents of Wasilla and the surrounding borough work. Approximately 38 percent of the borough workforce commutes, and this affects Wasilla greatly. Much of this workforce commutes directly through Wasilla twice a day. The growth and accompanying congestion is situated in Wasilla and the core area, as well as north of Wasilla. These commuters have no choice but to commute directly through our city due to the current infrastructure that is in place today.

Madame Chairman, my message to you is simple. We need help and we need it quickly. I know that the State has its responsibilities under the Highway Trust Fund formula, but it is clear that the State has its hands full. Wasilla is ground zero for traffic congestion and I would request that the committee help the State and local governments to solve this problem. Here is how I urge this committee to provide the necessary assistance.

First, fully fund the Highway Trust Fund under the reauthorization of the Transportation Equity Act. This includes ensuring that 5-year funding will be available for projects in our area.

Second, provide a fair formula for "small States" which have large needs, even though they may have smaller populations.

Third, fund construction of the Knik Arm Crossing.

And fourth, provide funding for some local projects which will assist cities like Wasilla, Palmer, and Houston. One such project is the transportation corridor that will allow traffic to travel around Wasilla, with exits into the city of Wasilla. The transportation corridor should include road and railroad access that will allow all forms of transportation to travel through the Wasilla area more safely.

What does this mean for Wasilla? No population in the State has a greater stake in passage of a 5-year Transportation Equity Act reauthorization than Wasilla. We can only have some hope to deal with our local traffic congestion if this bill passes and is passed on time. If the Knik Arm Crossing is built, then an even greater congestion problem in and out of Wasilla may be avoided. Right now, every car which travels from Anchorage to Fairbanks has no alternative except to commute directly through Wasilla. This local commuting provides unmanageable traffic congestion during the morning and afternoon rush hours. The stream of traffic is long and dangerous for drivers and pedestrians.

Additionally, this makes it very hard for merchants to develop a well-managed economy because traffic becomes gridlocked and people want to avoid these areas. Employment has grown 73.6 percent in the area in the last decade. We need your assistance to help plan and manage this traffic today and into the future.

Madame Chairman, I have submitted for the record two projects which appear to be local projects; however, they will assist with the regional transportation needs of the Mat–Su Valley. The first, Mack Road Drive construction and improvements, will be the prin-

cipal exit and approach from Wasilla to the Knik Arm bridge crossing. This project will also provide access to the newest major regional project, the city of Wasilla Multi–Use Sports Complex. The city is very proud of this project; it is a $14.7 million project that was locally bonded. This complex will also be an emergency evacuation center for residents of the core area in case of a disaster. We have just begun the land clearing for this project, and after completion, Mack Road will open up a new access point to this project, as well as creating a new access point to the Knik Arm bridge crossing. The Mack Road project has been nominated to the STIP.

The other project the city of Wasilla has requested funding for is the upgrading of Lucille Street. This project is also a major road upgrade which will reduce the amount of traffic on the Parks Highway and Main Street in Wasilla. I have discussed this project with the Mat–Su Borough and we all agree that we need more north-south road corridors for the public to use for daily commuting, as well as for evacuation routes in case of emergencies like the Miler's Reach fire in 1996. Again, it is critical that the committee provide some mechanism for projects such as these to be included in the Transportation Equity Act.

Madame Chairman, I do not want to take too much of this committee's time. I know you have had a lot of witnesses. However, as a resident of the Mat–Su Valley and as Mayor of Wasilla, I want to thank you for taking the time to come to the Mat–Su Valley to see our infrastructure needs in person. We believe that the future of South Central Alaska is critical to the future of our State and where the majority of growth will continue in the near and far future.

Thanks again for holding this hearing and allowing me to make written and verbal testimony on the transportation needs of the city of Wasilla and the Matanuska–Susitna Borough.

Senator MURKOWSKI. OK. I appreciate your comments about how some of the projects that you named may appear to be local in nature, which they are, but the impact that they have on the transportation corridor as a whole, which accesses literally, I mean, going from the furthest south that you can go, you've got to be going through Wasilla. Until we do something with the Knik Arm Crossing, there's no way to avoid that, and so we've got a bottleneck right in the middle of the State in your community. We do need to figure out a way to address that.

We are kind of in an interesting situation, though, with the prospect of the Knik Arm Road and what that may or may not bring to your community. There are some who follow the logical progression up north to be intersecting or coming into the parks highway right about Houston. That's bypassing Wasilla, which for probably many of your residents would be a blessing, although for some it will be a concern. It will be a consideration. I know that the new highway, with the reconstruction that's going on out there, there are those that have had their businesses literally pushed off to the side of the road and may or may not be able to make it. So I hope that it's not something that your residents are fearful of in terms of being kind of scooted off the main highway system. I think that that's probably the direction we're taking with the Knik Arm Crossing initially.

Mayor Keller. I believe that this is an opportunity to add depth to our community in that the borough is pretty much laid out in a certain form because of the evolution of development along the highway, and this is a golden opportunity to add the depth to our community that I have been hearing people talk about.

One of the projects, though, that I would like to request that is not on the STIP is a project that we have talked about with DOT as well as the Alaska Railroad would be a transportation corridor that would go around Wasilla to allow people that do not want to stop at Wasilla to travel through the area in a safer manner without having to go directly into our city limits. That would be a wonderful aspect to our community, and the business centers of our community also have agreed that this would be a good thing because people just don't like to stop and shop. That is one of the things that we would like to look at and have been talking to the railroad as well as DOT to provide that.

But I look at the Knik Arm Crossing as a wonderful opportunity for Amasa Borough, for the city of Wasilla, and for the city of Houston.

I would like to note—I think it was an oversight—that Mayor Dell Adams from Houston was not added to our agenda, and I do know that he has a written testimony. If you would please accept his written testimony, I think he would be very appreciative of that.

Senator MURKOWSKI. We certainly will be doing that. As we recognize, there are a lot of people who were not here today to testify simply because we couldn't accommodate every community within the State, and I think they would have appreciated the opportunity to personally give their comments. I thank you for coming back to Washington last week and bringing out some of the priorities that we've heard here today.

That does conclude the testimony from our invited witnesses. I would remind all of those who are here who think that there are others who should present written testimony, you are certainly welcome and encouraged to do so. The record will be kept open for 2 weeks for additional testimony to come in. Mr. Qualters has apparently posted at the front door where you are to submit the testimony. I believe the details are there.

We've heard testimony on a wide variety of transportation projects, not just the highways. We've heard about the ports, marine, a little bit, a little bit on aviation, a little bit on the trail system. And so I would encourage you, as you present your proposed additional comments or testimony, not necessarily limited to just these issues. If there's something, specific projects that you think need to come before the committee, I would certainly welcome and encourage that. We in Congress—certainly the colleagues who will never have an opportunity to come up here and really view firsthand Alaska's situation and our transportation infrastructure need to have a better understanding of the breadth and scope of our transportation needs, so the more details that we can present to the committee I think the better we will all be.

I would like to note we have been joined by the Wasilla Lake Christian School students. They joined us to watch the proceedings. They didn't get to watch the full bit of it, but I welcome you and

thank you for spending a little bit of your school day to come and join us.

With that, again, I would like to personally thank all of you who have come to give your testimony this morning, those who have come to listen. What we're talking about right now is so vital, is so critical to the economic development of this State.

As I've stated and as was reiterated by many people here this morning, we simply can't have economic development in Alaska if you don't have adequate transportation systems, adequate access, if you don't have affordable energy. Quite often we can't get to affordable energy unless we have access and unless we have the skilled workers. It is truly the three-legged stool for development.

It is important that we get our message out loud and clear that first things have to be put first, and that's the transportation. So to hear the testimony this morning, to hear the areas of need, and to have that presented to the record for the committee to take up as we address this in the legislation that will be coming forward has been more critical, most important, and certainly most welcome.

I thank all of you and look forward to the opportunity to speak more about the individual projects in your respective areas.

With that, we will conclude the hearing. Thank you.

[Whereupon, at 12 o'clock noon, the committee was adjourned, to reconvene at the call of the chair.]

[Additional statements submitted for the record follow:

STATEMENT OF LIEUTENANT GOVERNOR LOREN LEMAN, STATE OF ALASKA

On behalf of Governor Murkowski and I welcome to Alaska! Senator Murkowski. Welcome home! Thank you for taking your time to hear about Alaska's transportation infrastructure needs.

In Alaska, the vast distances and rugged terrain mandate using multiple linked modes, including marine, air, and land transportation systems. Alaska is the largest State in the Union, comprising one-fifth of the total area of the contiguous United States, yet is has only 13,628 miles of roadways, less than the State of Vermont.

Only a few communities in our State have the variety of travel modes common to most communities in the Nation. Nearly 90 percent of Alaska's communities depend on aviation for year-round access. These non-roaded communities rely entirely on aviation for food, groceries, health care supplies, mail and transport to urban Alaska and elsewhere in our country.

We must continue building and upgrading our entire transportation infrastructure, including airports, marine highways, harbors, roads and railroad to provide services to Alaskans and our visitors. Improvements to transportation in Alaska should offer benefits including access to resources, work opportunities, lower costs, safety and consolidation of health and education services. These improvements are vital to our economic growth and security.

It is difficult to convey to those for whom Alaska is not home what it is like to rely on an airplane for a medevac in a remote community. My chief of staff has had the experience of waiting . . . and waiting . . . while a helicopter transporting a patient receiving CPR flew the shoreline for 45 minutes in blowing snow because the pilot could not see anything else. If the weather had been a little worse, the helicopter could not have made the trip. A road in that region would provide additional access between those communities. When the phone lines go down because of high winds, that reduces a remote community's options for delivery of health care—because not only will the community likely be out of reach of advanced medical advice, but the planes won't be flying either.

I was raised in this beautiful State and in my professional life before becoming Lieutenant Governor practiced actively as a civil engineer. I have traveled extensively throughout Alaska and am quite familiar with our transportation needs.

At its core, our Administration's primary mission is to build a robust, growing economy that contributes to our nation's security, food and resource needs. We want good job opportunities, so families can care for their needs and our young people

may stay in Alaska. To do so new and improved infrastructure is needed across our State. This includes the State acquiring historic transportation rights of way. This is something we have been actively pursuing for years.

Access improvements will bring many benefits to Alaskans, which most communities in the 48 contiguous States take for granted. Expanded access to and through Alaska's communities, on a regional basis, will make a difference in the quality of life of Alaskans by improving access to health care and reducing the cost of living (groceries, power costs, building supplies). The economies of scale built through access will allow government investments in schools, bulk fuel farms, health clinics, airports and harbors to serve multiple communities.

In summary, thank you for your interest in Alaska's transportation needs. Governor Murkowski and I look forward to working with you to resolve them. Thank you for this opportunity to provide testimony and for taking your time to visit Alaska. It is my hope your experiences while here will help you understand the challenges Alaskans continue to face daily.

STATEMENT OF COMMISSIONER MIKE BARTON, ALASKA DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

Senator Murkowski, thank you for giving us the opportunity to share with you and your committee some of Alaska's transportation needs.

As Lt. Governor Leman pointed out, due to the size of the State and the relative immaturity of our infrastructure, transportation plays a more critical role in the lives of Alaskans than in any other State. Nowhere else in the United States is the cost of an apple, a trip to the doctor, or the ability to access raw materials more directly affected by transportation.

We Alaskans like to tell everyone about how unique our State is. A common story that we like to tell those from the other 49 States is that if Alaska were cut in half, Texas would be the third largest State in the Union. As you can imagine, this geographic scale presents some difficult challenges for those of us responsible for building, operating, and maintaining our State's transportation systems.

In addition, geographic diversity is an opportunity for us. Because of our diversity, Alaska is, by far, the leader in providing multi-modal transportation services to our residents. From the Alaska Marine Highway System in Southeast Alaska, to the roads and highways of Southcentral and Interior Alaska, to the snowmachine trails in Rural Alaska, to the ports and harbors of our Coastline, to the many airports that connect our State, Alaska's transportation system remains an essential element of growth and opportunity.

To that end, Governor Murkowski has pledged to develop new transportation infrastructure while continuing to improve the existing infrastructure. The Governor has identified four key projects that we recommend for high priority funding. Those projects are: The Gravina Island Bridge in Ketchikan, the Juneau Access Project, the Knik Arm Crossing in Anchorage, and the Bradfield Canal Road Project in Southeast Alaska.

The Gravina Island Bridge project connects the community of Ketchikan with Gravina Island, where the Ketchikan Airport is located. This direct link will improve travel times, costs, and convenience, as well as remove the need to maintain and operate two ferries. The bridge also provides access to new lands that are suitable for residential, commercial, and industrial purposes. This project received start-up funding as a TEA–21 high-priority project.

The Juneau Access Project will improve surface access to the State's capital. A 65-mile road along the Lynn Canal is the State's preferred alternative. The EIS for the project is expected to be completed in early 2004. The project is an essential link in the new regional transportation system. It will improve shipping and travel times, while reducing costs to the State and the public.

The Knik Arm Crossing will connect Anchorage with the Matanuska–Susitna Valley via a new highway and rail bridge. This project will significantly reduce travel times between the State's three main population centers Anchorage, Fairbanks, and the Mat–Su Valley and will help to spur economic development. The Department is currently conducting an engineering feasibility and cost estimate study on this project. The department seeks funding to move this project through the environmental and permitting phases.

The Bradfield Canal Road Project would provide road access from Southeast Alaska to the Cassiar Highway in British Columbia and on to the contiguous 48 States.

In addition to these four projects, the Governor has also established two new programs to develop new roads in rural Alaska. These programs develop Community Access Roads and Economic Development Roads. These programs will provide new

transportation links to and between communities and new access for the development of the State's vast natural resources. Federal assistance in funding these programs is also of national importance since Alaska lands contain vast raw materials needed for our economy.

In addition to high priority projects, Alaska has other needs that could be addressed during reauthorization. It is critical that several provisions of TEA–21 be retained, including:

Firewalls and Funding Guarantees

Congress should retain the existing firewalls and funding guarantees for the highway and transit programs, but refine the Revenue Aligned Budget Authority mechanism to prevent negative adjustments as long as there is a positive balance in the Highway Trust Fund.

Alaska Flexibility [23USC118(e)] Federal law allows Alaska to spend Federal highway funds on any public road. This provision is important for providing basic road improvements in rural Alaska.

Interstate Design Standards and Maintenance Exemption [23USC103(c)] TEA–21provided exemptions for Alaska's non-conforming interstate system. Without these exemptions, Alaska would not be able to receive Federal highway funds.

Ferries Several provisions provide funding for ferries and terminals and should be retained. Alaska would also benefit from Congress addressing several new issues during reauthorization, including:

Expedited Permitting Congress should build on the efforts of TEA–21 by reforming the NEPA process, clarifying the responsibilities of participating Federal agencies, and adopting a flexible approach to wetlands protection associated with highway development in Alaska where there is a high proportion of the watershed that is already wetlands.

Planning and Conformity Congress should provide more flexibility with regard to update cycles for planning and funding documents required by the State and its Metropolitan Planning Organizations.

Maintenance The State's obligation to the FHWA and Federal Government for maintenance oversight should extend no more than the design life of the project for roads other than interstate and NHS. This is particularly important for the smaller communities in Alaska that receive a one-time Federal-aid funded upgrade.

Funds Transferability Transferring funds from one Federal transportation agency to another is often the most efficient means to manage a large complex project with funding from two or more agencies. Alaska has intermodal needs that often use funds from two or more agencies.

For the benefit of the committee, I have submitted comments with my written testimony on general principles that are important to Alaska with respect to reauthorization. I also look forward to working separately with the Alaska delegation on specific provisions.

In closing, Alaska is a unique State with sizable and varied transportation needs. It is critical that we continue to receive Federal support to expand and improve our transportation systems.

STATEMENT OF JEFFREY B. STASER, FEDERAL CO–CHAIRMAN, DENALI COMMISSION

Thank you Senator Murkowski, for the opportunity to add my observations to your deliberations on transportation infrastructure in Alaska.

Nowhere is establishing an integrated transportation system more of a challenge than throughout the remote regions of Alaska with no access except by plane or boat. 223 of Alaska's 227 remote communities are federally recognized tribes, representing some 20 separate Native American cultures[1]. Many of these communities are over 1,000 miles from their State capitol, dispersed along 38 percent of the nation's shoreline and over 20 percent of its total landmass. All face a major physical impediment to economic self-sufficiency isolation.

Recognizing that isolation has retarded basic community development throughout Alaska since statehood, in 1999 the Denali Commission Act created a partnership among State and Federal agencies to address the most persistent rural infrastructure problems. The Denali Commission seeks to implement its discrete goals through effective collaboration, and recognizes that private capital investment and lucrative jobs are attracted by competitive economic advantage. And everyone knows that such investment is rarely attracted to communities which lack access to the marketplace.

I urge the committee to work with the Administration to bring national leadership into focus on Alaska's transportation challenges and would encourage the committee

to consider how the Denali Commission might play a role in developing and implementing an effective overall State–Federal combined strategy for transportation in Alaska.

Transportation is the tie that binds an economy together. A strong and efficient transportation system provides businesses with access to materials and markets, and provides people with access to goods, services, recreation, jobs and other people.

As most members of this committee know, Alaska's communities have experienced severe economic distress as a result of job dislocation due to business closures and job layoffs in the timber and fishing sectors, and disincentives to development of Alaska's world class mineral, oil and gas resources. Even the seasonal and lower paying tourism sector has been impacted by world and national events beyond anyone's expectations. Quite simply, large groups of people, in some cases overnight, have found themselves out of work.

To address this dramatic downturn, the Governor and his cabinet, and the Denali Commission is working with Federal agencies in an effort to help the most dramatically impacted communities get back on their economic feet.

The President and Governor Murkowski have charged all agencies to focus on coordinated efforts, greater accountability for results, more efficient delivery of services and more effective execution of budget priorities. I am happy to report that coordination between the Denali Commission and its many government, non-profit and private sector partners is working. However, a missing link to achieving adequate health care, lower energy costs, and access to jobs across Alaska remains the State's challenges to developing an integrated transportation infrastructure.

Transportation is a strategic investment that is essential to strengthen Alaska and enable its people to become economically self-sufficient. I believe Alaska's rural communities can attain real economic improvement with an integrated transportation system that moves people, goods, information and services safely and efficiently.

Thank you for the opportunity to provide this testimony. Your continued interest and first hand experience with Alaska's unique challenges provides hope and encouragement to hundreds of the Nation's most isolated communities.

STATEMENT OF ALASKA STATE REPRESENTATIVE BEVERLY MASEK

Senator Murkowski, members of the committee, welcome to Alaska! For the record, my name is Beverly Masek, and I am currently the co-chair of the Alaska House Transportation Committee.

The opportunity to come before you today causes me to think about what is the mission of the U.S. Department of Transportation. In my mind it is to ensure a safe, accessible and convenient transportation system that meets the national interests, Alaska's statewide and local interests, and improves the quality of life of everyone.

Transportation in Alaska is very unique. As a former Iditarod Trail dog musher I can personally attest that in this year of 2003, modes of transportation here in Alaska remain primitive on the one extreme, to reasonably modern on the other.

From the west coast of Nome to the interior city of Fairbanks, the primary transportation link is by either boat, 4 wheeler or walking in the summer, to snow machines and sled dogs in the winter, or in the modern sense, by aircraft. No road exists.

From the north slope community of Deadhorse to the Southcentral community of Homer, the road transportation system consists of gravel highways to two lane roads to a modern four lane stretch of highway. Each is unique in both form and structure.

In Southeast Alaska, the marine highway system serves as the primary mode of transportation that connects each community, including the capital city of Juneau.

The primary method that brings everything together is airports. Air service provides the vital link to most communities in Alaska.

What can the US Department of Transportation do to help Alaska build and grow? There is no question that Federal funding for transportation projects and infrastructure development is vital to the growth of this State. Specifically, the Knik Arm crossing, connecting Anchorage with the Mat-su valley via a new highway and rail link, is by far the most costly, yet the most important project that can and should be completed. Anchorage, being bordered by mountains to the south, east and north, and bordered by cook inlet to the west, has pretty much grown to capacity. Not only will this crossing reduce the transit time into Anchorage, it will open the vast acreages of the western peninsula to both business and residential development. This link is vital to the future growth of Southcentral Alaska and I would

encourage any avenue for funding available be pursued to make this great endeavor a reality.

In western Alaska, community access roads would be a big step forward in starting to connect our remote communities. Later on, these communities could hopefully be linked to the Alaska highway system. These new links will also enhance development of our vast resources, helping reduce dependence on Canadian and other foreign minerals and resources.

In Southeast Alaska, their economic survival depends upon a road link to the Cassia Highway via Bradfield Canal is critical. Also, a road link to our State capitol, via either the Taku Channel or Lynn Canal is vitally important to connect all Alaskans with their State government.

But lets not just focus on roads. The airport system in Alaska is crucial to our economic vitality, not just to provide important links between communities, but to provide job opportunities for Alaskans. For example, at Ted Steven's Anchorage International Airport, cargo tonnage is 4t" in the entire nation. This capacity can be increased substantially by alleviating all cargo transfer restrictions among the airlines utilizing the facility. This is a very high priority for us. It will also enable aviation carriers to bring America's imported commodities to other U.S. markets in a more timely manner, thus holding the line on costs of goods. We are working hard to create expanded opportunities for both U.S. and foreign cargo carriers. Enhancements to Ted Stevens Anchorage International Airport that will enable larger and more frequent landings are crucial to economic stability in Alaska.

As you consider reauthorization of TEA–21, at a minimum the Alaska exemptions and flexibility provisions must be preserved. If not for those exemptions, most of the needed transportation infrastructure in Alaska could never be built.

In closing, among your colleagues on the committee, the word rural will have different meanings, depending on where they are from. For example, if I lived in Vermont, and took State Route 4a from Castleton to Rutland, I would consider that rural. In Alaska, when you think and understand rural, you think of how to hitch up the dog team, catch the next flight, or find fuel for your snow machine. It is a vastly different concept and with your understanding of this concept, will come the understanding that without continued and substantial Federal funding and support, Alaska is inhibited in its ability to become a modern State by expanding and improving our transportation systems.

Thank you all very much for coming here to Alaska to listen to and understand the complexity of transportation needs and issues faced by all Alaskans.

STATEMENT OF TREFON ANGASAN, CO–CHAIR, BOARD OF DIRECTORS, ALASKA FEDERATION OF NATIVES

INTRODUCTION

Madam Chair, Honorable members of the U. S. Senate Committee on Environment and Public Works, ladies and gentlemen:

For the record, my name is Trefon Angasan, Co-chair, Board of Directors of the Alaska Federation of Natives (AFN). As you may already know, AFN is a statewide Native organization formed in 1966 to represent Alaska's 100,000+ Alaska's Eskimos, Indians and Aleuts on concerns and issues which affect the rights and property interests of the Alaska Natives on a statewide basis.

On behalf of AFN, it's Board of Directors and membership, thank you very much for inviting me to submit my comments regarding the transportation infrastructure needs in Alaska, and in particular, as these needs impact rural Alaska. It is a privilege and honor to testify in front of your committee.

I ask that this written statement and my oral comments be incorporated into the record of this public hearing. I further request that the record of this hearing remain open for at least 2 weeks so that representatives of the Alaska Native Community may submit their comments regarding this issue as well.

Rural Alaska is a home to more than 200 villages; and in many of these villages, unemployment ranges from 60 to 80 percent. Many of the people in rural Alaska are unemployed and will remain unemployed, not because they do not want to work; but because there, for all practical purposes, no jobs, other than jobs provided by the village corporations, IRAs, and other governmental agencies in rural Alaska.

ANCSA CORPORATE LANDS

Pursuant to the terms and conditions of the Alaska Native Claims Settlement Act (ANCSA), enacted into law on December 18, 1971, Congress authorized transfer of 44.5 million acres of land back to the Alaska Natives through their ANCSA Corpora-

tions. ANCSA promised, in part, that the settlement of the claims of the Alaska Natives against he Federal Government "should be accomplished rapidly, with certainty, inconformity with the real economic and social needs of Natives . . ." [1]

To date, none of the village and regional ANCSA corporations created pursuant to ANCSA has received their full land entitlements. One of the reasons of this delay is the lack of funds needed for the survey of the lands selected by the ANCSA corporations.

The ANCSA Corporations, and in particular, the regional corporations selected their land entitlements based on natural resources explorations they conducted on the withdrawn lands from which they may select their land entitlements. Red Dog mine on NANA Regional Corporation is an example of a successful land selection process by a regional corporation. One of the primary reasons why the Red Dog mine is a success is access to the land where the zinc is located.

Not all of the ANCSA lands with natural resources potential are being developed at the present time. Two of the primary reasons for this are lack of affordable electricity and lack of infrastructure in place. The case in point on this is the Donlin Creek properties. It is estimated that Donlin Creek property has 11 million measured and indicated ounces of gold with a cutoff of 1.5 grams of gold per ton.[2]

CREATING JOBS AND ECONOMIC DEVELOPMENT

New studies undertaken by the Alaska Federation of Natives show that little has changed since 1994, when the Alaska Natives Commission concluded in its final report that "acute and chronic" unemployment was undermining Native society. Simply put, Alaska Natives need more jobs and economic opportunities, in both the urban areas (where many people have migrated to because of the depressed economic conditions in their home communities) and in rural Native villages.

DEVELOPING TRANSPORTATION INFRASTRUCTURE

One of the means of creating jobs and economic development opportunities in rural Alaska is access to affordable electricity as well as the development of transportation infrastructure.

I believe that improving transportation infrastructure in rural Alaska is a critical corner stone to promoting economic development opportunities in rural Alaska. It will result in improved access; lower the cost of living where it is really needed; increases export opportunities, enhances mineral, oil and natural gas exploration and will help to stimulate economic activities in rural Alaska.

2002 ANNUAL CONVENTION OF ALASKA FEDERATION OF NATIVES

The Alaska Native Community recognizes that the transportation needs of rural Alaska are one of the paramount needs that exist and should be addressed in such a manner that their best interests are addressed. To that end, the delegates to the 2002 Annual

CONVENTION OF AFN PASSED THE FOLLOWING RESOLUTIONS UNANIMOUSLY:

1. RESOLUTION 02–08, NEW ALASKA NATIVE VILLAGE TRANSPORTATION INITIATIVE: This resolution, in part, requests Alaska's congressional Delegation to consider the inclusion of a new Alaska Native Village Transportation Initiative in the Congress's TEA 21 Reauthorization. The creation of this initiative would guarantee, in part, that §2(b) of ANCSA is implemented for the best interests of the Alaska Natives.

2. RESOLUTION 02–34, A RESOLUTION REAFFIRMING THE DIRECTION OF THE ALASKA FEDERATION OF NATIVES STAFF TO TAKE ACTION TO RELAX THE U.S. ARMY CORPS OF ENGINEERS COST/BENEFIT ANALYSIS POLICY: One of the biggest impediments of construction of navigational systems that would provide safe travel to and from the villages is the Cost/Benefit Analysis Policy of the Corps of Engineers. This resolution calls the Corps of Engineers to view the projects in rural Alaska with a more relaxed approach they use when they view projects in the rest of the United States.

3. RESOLUTION 02–38, INDIAN RESERVATION ROADS PROGRAM REGULATIONS, POLICIES, FUNDING AND MANAGEMENT: The Delegates to the 2002 Annual Convention of the Alaska Federation of Natives, Inc, urges that the Secretary of the Interior to issue fiscal year 2003 IRR program funds in the same manner as fiscal year 2002 including administrative capacity building funds; that the funding method for distribution of IRR program management and oversight funds to the 12 BIA Regional offices, including the Alaska Region, must be equitable distributed so that all federally Recognized Tribes can expect to receive a comparable

level of BIA service from the "6 percent" IRR program management and oversight funds; and finally, the establishment of a policy that requires BIA Department of Transportation to collect required data for the fair and equitable implementation of the IRR formula from all Regions, and requiring it assist and/or gather the required information for non responsive, non-reporting Regions prior to the implementation of the IRR funding formula for any given year.

4. RESOLUTION 02–39, DISTRIBUTION METHODOLOGY FOR fiscal year 2003 INDIAN RESERVATION ROADS (IRR) PROGRAM: The Delegates to the 2002 Annual Convention of the Alaska Federation of Natives, Inc., that the method for distributing IRR program funds in fiscal year 2003 should include Administrative Capacity Building funds in the amount of $35,000 per tribe; and

5. RESOLUTION 02–40, Reauthorization of the Transportation Equity Act for the 21St Century (TEA–2 1) Including the Indian Reservation Roads (IRR) Program: The delegates to the 2002 AFN convention urges that the reauthorization legislation clearly specify that the IRR Program is fully subject to PL 93–638 contracting/compacting at all levels and that the program may be contracted according to tribal formula shares; that the delegates support an increase in the Department of the Interior Appropriations for the IRR Road Maintenance Program to no less than $127 million annually in a manner which does not reduce appropriations to other BIA programs; and that the funding method for distribution of IRR program management and oversight funds to the 12 BIA Regional offices, including the Alaska Region, must be equitable distributed so that all federally Recognized Tribes can expect to receive a comparable level of BIA service from the "6 percent" IRR program management and oversight funds.

I ask that my statement and all its attachments be incorporated into the record of this hearing. The attachments are as follows:

1. Copies of the resolutions I cited in this testimony;

2. Copy of February 7, 2003 letter from Mr. Dimitri Philemonof, President and CEO of the Aleutian/Pribilof Islands Association, Inc. (APIA) to Julie Kitka, President of AFN. In this letter, Mr. Philemonof defines the transportation and transit needs of APIA region;

3. Copy of February 14, 2003 letter from Mr. Terry Hoefferle, COO of Bristol Bay Native Association (BBNA) to Julie Kitka, President of AFN. In this letter, Mr. Hoefferle defines the transportation and transit needs of BBNA region; and,

4. Copy of March 11, 2003 letter from Ms. Loretta Bullard, President of Kawerak, Inc. to Julie Kitka, President of AFN. In this letter, Ms. Bullard defines the transportation and transit needs of Kawerak region.

Finally, please review each of the letters I attached to my statement as they define the transportation and transit needs of these regions of Alaska.

Thank you for your consideration. If you have any questions concerning this statement, I can field them now.

ALASKA FEDERATION OF NATIVES, INC.

2002 ANNUAL CONVENTION

RESOLUTION 02–08

TITLE: NEW ALASKA NATIVE VILLAGE TRANSPORTATION INITIATIVE

WHEREAS: Rural Alaska is decades behind the rest. of the United States in regard to basic community road infrastructure; and

WHEREAS: Many villages have totally unimproved road infrastructure, experience annual flooding, dust control problems, and other problems; and

WHEREAS: The existing Indian Reservation Roads program has never adequately served Alaska or met more than a small fraction of the road construction. needs of Alaska Native villages; and

WHEREAS: Having adequate road infrastructure is essential to any economic development and for health and safety; and

WHEREAS: The State of Alaska encompasses about 1/5 the land mass of the rest of the United States but has the least mileage of roads; and

WHEREAS: Two-thirds of the communities of Alaska have no outside roads access.

NOW, THEREFORE, BE IT RESOLVED by the Delegates to the 2002 Annual Convention of the Alaska Federation Natives, Inc., that it requests the Alaska congressional Delegation to include a new Alaska Native Village Transportation Initiative it the reauthorization of the national highways bill.

BE IT FURTHER RESOLVED that.the Alaska Native Village. Transportation Initiative should, to the maximum extent feasible, provide for the following:

1. Local tribal or regional control of planning, project selection, and construction.

2. Native contracting authority pursuant to PL 93–638.
3. An annuitized maintenance fund for village roads projects.
4. Adequate training for construction and maintenance of village transportation infrastructure.

ALASKA FEDERATION OF NATIVES

2002 ANNUAL CONVENTION

RESOLUTION 02–34

TITLE: A RESOLUTION REAFFIRMING THE DIRECTION OF THE ALASKA FEDERATION OF NATIVES STAFF TO TAKE ACTION TO RELAX THE U.S. ARMY CORPS OF ENGINEERS COST/BENEFIT ANALYSIS POLICY

WHEREAS: The Alaska Federation of Natives Convention adopted resolution 99–48 which called for the Alaska Federation of Natives to work with the U.S. Army Corps of Engineers, and the Alaska congressional Delegation to relax the cost benefit policy, and

WHEREAS: Efforts were undertaken to implement resolution 99–48, however, the process requires a renewed effort to change the Federal cost benefit policy and its application to rural Alaska Native Villages, and

WHEREAS: A similar resolution was adopted by the AFN Convention in 2001; and

WHEREAS: That the AFN staff report to the AFN Board of Directors on the progress in the implementation of this resolution, and

WHEREAS: The U.S. Army Corps of Engineers grants funding based on a cost/benefit analysis policy, and

WHEREAS: Rural Alaska communities that need projects to protect their communities infrastructure or to enhance economies are denied funding based on the cost/benefit analysis, and

WHEREAS: Rural Alaska communities with predominantly small populations and economies will not qualify for projects funded by the UPS Army Corps of Engineers based on the cost/benefit analysis, and

NOW THEREFORE BE IT RESOLVED: That the Convention of the Alaska Federation of Natives calls for action to relax of the U.S. Army Corps of Engineers cost/benefit policy; and, .

BE IT FURTHER RESOLVED: That the Alaska Federation of Natives works closely with the Alaska congressional Delegation, U.S Army Corps of Engineers, National Congress of American Indian and other Federal, tribal, regional, and State agencies to relax the cost/benefit analysis of the Corps to permit the construction of the rural Alaska infrastructures.

SUBMITTED BY: NATIVE VILLAGE OF UNALAKLEET
COMMITTEE ACTION: DO PASS TIER 2
CONVENTION ACTION: PASSED

ALASKA FEDERATION OF NATIVES

2002 ANNUAL CONVENTION

RESOLUTION 02–38

TITLE: INDIAN RESERVATION ROADS PROGRAM REGULATIONS, POLICIES, FUNDING AND MANAGEMENT

WHEREAS: Transportation Equity Act for the 21st Century, the highway legislation enacted in 1998, tasked the Secretary of the Interior to develop the Indian Reservation Roads (IRR) program regulations and a funding distribution formula under a negotiated rulemaking process; and

WHEREAS: The IRR program can provide funding to Alaska Native villages and communities which traditionally have been particularly underserved in regards to transportation and road infrastructure; and

WHEREAS: A Federal notice for proposed rulemaking (NPRM) for the IRR Program, 25 CFR Part 170, was published in the Federal Register on August 7, 2002; and

WHEREAS: The final rule regarding the IRR program funding formula is unlikely to be implemented until fiscal year 2004; and

WHEREAS: Several provisions of TEA–21 directly affect the Indian Self Determination and Education Assistance Act (ISDEAA), Public Law 93–638, as amended by tribes to contract Indian Reservation Road projects,

WHEREAS: The Secretary of the Interior may only release fiscal year 2003 IRR funds in accordance with a formula established under a Negotiated Rulemaking which includes representation from Alaska; and

WHEREAS TEA–21 authorizes $1.6 billion for the Indian Reservation Roads Program for fiscal years 1998–2003,

WHEREAS: The IRR program management and oversight funds are provided to the 12 Bureau of Indian Affairs (BIA) Regions to provide for inherently Federal IRR functions including IRR program technical assistance; and

WHEREAS: The BIA has historically distributed funds for IRR program management and oversight to the 12 BIA Regional Offices based on the old relative need formula, a method that does not take into account the difficulty in providing services to the 228 Alaska Native Villages; and

WHEREAS: The Alaska Native Villages have not received an equitable level of BIA inherently Federal services when compared to the Tribes from other BIA regions; and

WHEREAS: The BIA Alaska Region Office have been unable to provide Central Office all required IRR road inventory and construction cost data for Alaska's tribes as required for fair and equitable distribution of IRR funds nationally; and

WHEREAS: The IRR Negotiated Rulemaking committee did not consider the method for distributing IRR program management and oversight funds; and

WHEREAS: The BIA has a policy currently in place that limits the number of miles at can be added to the BIA's IRR Inventory to 2 percent per year; and

WHEREAS: Most Native Villages in the State of Alaska do not have an IRR inventory that identifies at a minimum all community streets or, primary access routes; and

WHEREAS: The most current IRR Inventory Update for Alaska has 57 tribes with a Cost-to–Improve of zero; and

WHEREAS: The amount of funding to Alaska Native, Villages for 2 percent tribal transportation planning is less than $3,000 per year as distributed by the region; and

WHEREAS: The IRR Maintenance Program is grossly under funded;

WHEREAS The purpose of the Indian Reservation Roads Program is to provide safe and adequate transportation and public road access to and within Indian reservations, Indian lands, and communities for Indian and Alaska Natives, and others, while contributing to economic development, self-determination, and employment of Indians and Alaska Natives,

NOW THEREFORE BE IT RESOLVED by the Delegates to the 2002 Annual Convention of the Alaska Federation of Natives, Inc, that the Secretary o the Interior be urged to issue fiscal year 2003 IRR program funds in the s me manner as fiscal year 2002 including administrative capacity building funds; and

LET BE IT RESOLVED that the delegates support the Tribal Transportation Allocation methodology developed by the IRR negotiated rulemaking committee which provides for a minimum allocation of IRR Program funds to all federally Recognized Tribes and the establishment of High Priority Projects to provide for tribes that would not generate enough funding under the funding distribution formula to construct their highest priority project within the period of the transportation authorization; and

BE IT RESOLVED that the delegates support the elimination of the BIA policy to limit increases to the IRR inventory for funding purposes to 2 percent o per year, and that at a minimum all IRR Inventories should include for funding purposes all community streets and all primary access roads or trails; and

BE IT RESOLVED that the delegates support an increase of no. less than. $100 million annually in the Department of the Interior appropriations for IRR road maintenance without harming other BIA programs, and that a method .for equitable distribution should be tasked to the IRR program coordinating, committee identified within the NPRM; and

BE IT FURTHER RESOLVED, that the funding method for distribution of IRR program management and oversight funds to the 12 BIA Regional offices, including the Alaska Region, must be equitable distributed so that all federally Recognized Tribes can expect to receive a comparable level of BIA service from the "6 percent" IRR program management and oversight funds; and

BE IT FINALLY RESOLVED that the delegates support, the establishment of a policy that requires BIA Department of Transportation to collect required data for the fair and equitable implementation of the IRR formula from all Regions, and requiring it assist and/or gather the required information for non-responsive, non-re-

porting Regions prior to .the implementation of the IRR funding formula for any given year.

SUBMITTED BY: KAWERAK INC., ASSOCIATION OF VILLAGE COUNCIL PRESIDENTS
COMMITTEE ACTION: DO PASS TIER 2
CONVENTION ACTION: PASSED

ALASKA FEDERATION OF NATIVES, INC.

2002 ANNUAL CONVENTION

RESOLUTION 02–39

TITLE: DISTRIBUTION METHODOLOGY FOR fiscal year 2003 INDIAN RESERVATION ROADS (IRR) PROGRAM

WHEREAS: The Transportation Equity Act for the 21st Century (TEA–21), the highway legislation was enacted in 1998 and is valid through fiscal year 2003; and

WHEREAS: TEA–21 required the development of a distribution formula for the IRR program through a Negotiated Rulemaking process; and

WHEREAS: The final rule for an IRR funding formula is not yet available and is not expected to be available for fiscal year 2003; and

WHEREAS: In fiscal year 2000, fiscal year 2001, and fiscal year 2002 the distribution methodology for the IRR program was done on an interim basis as negotiated by the IRR Neg–Reg committee; and

WHEREAS: The amount of 2 percent Tribal Transportation Planning funds available to tribes within the State of Alaska has been insufficient to perform viable transportation planning; and

WHEREAS: The method for distribution for both fiscal year 2001 and fiscal year 2002 included special funding for Administrative Capacity Building in the amount of $35,000 per tribe to those tribes that applied; and

WHEREAS: The Administrative Capacity Building funds were desperately needed and greatly appreciated by the Native Communities within Alaska;

NOW THEREFORE BE IT RESOLVED by the Delegates to the 2002 Annual Convention of the Alaska Federation of Natives, Inc., that the method for distributing IRR program funds in fiscal year 2003 should include Administrative Capacity Building funds in the amount of $35,000 per tribe; and

BE IT FINALLY RESOLVED that the Delegates to the 2002 Annual Convention of the Alaska Federation of Natives, Inc. direct the Alaska Contingent of the IRR Neg–Reg Committee to negotiate for the continuation of the $35,000 Administrative Capacity Building funds and provide this resolution as formal comment to the IRR Co–Chairs, the IRR Neg–Reg committee, the Assistant Secretary Indian Affairs, and the Administrator of the Federal Highway Administration.

SUBMITTED BY: KAWERAK INC
COMMITTEE ACTION: DO PASS TIER 2
CONVENTION ACTION: PASSED

ALASKA FEDERATION OF NATIVES

2002 ANNUAL CONVENTION

RESOLUTION 02–40

TITLE: REAUTHORIZATION OF THE TRANSPORTATION EQUITY ACT FOR THE 21sT CENTURY (TEA–21) INCLUDING THE INDIAN RESERVATION ROADS (IRR) PROGRAM

WHEREAS: The Transportation Equity Act for the 21st Century (TEA–21) is the current highway transportation legislation through which federally funded road construction is authorized; and

WHEREAS: TEA–21 was enacted in 1998 and is valid through fiscal year 2003, but must be reauthorized by Congress in 2004; and

WHEREAS: TEA–21 includes authorization for the Indian Reservation Roads ("IRR") Program, which is the Federal program appropriated to the Federal Highways Administration (FHWA) and administered by the Bureau of Indian Affairs (BIA) that provides roads construction funds to Indian tribes, including Alaska Native tribes; and

WHEREAS: TEA–21 required the development of IRR program regulations and funding formula through a negotiated rulemaking process, and the work product of

this process was published in the Federal Resister as a Notice of Proposed Rulemaking ("NPRM") on August 7, 2002; and

WHEREAS: Alaska Natives tribes have been historically underserved by the IRR program due to lack of IRR road inventory data, incorrect application of cost data by the BIA, and other problems with the administration of the program by the BIA; and

WHEREAS: The NPRM addresses many of the problems in the operation of the IRR program, but the Federal members of the committee blocked development of regulations for several significant areas of concern, and not all problems related to the funding distribution were addressed; and

WHEREAS: Some of the remaining problems in the IRR construction program are:

- The IRR inventory the BIA uses to distribute funding does not include even minimally complete road inventories from Alaska Native villages;—BIA has effectively "locked out" Alaska tribes by imposing a policy limiting the miles that can be added to the BIA's IRR Inventory to 2 percent per year;
- Alaska's actual road construction costs are not applied in the "cost to construct" portion of the IRR funding formula;—The amount of funds available to the BIA Regions for program management and oversight is inequitably distributed;
- The "2 percent tribal transportation planning" funding has been on average less than $3,000 per tribe per year in Alaska and is inadequate to address even basic planning;
- BIA continues to resist full applicability of PL 93–638 to IRR funds; and

WHEREAS: The BIA Roads Maintenance Program, which is currently outside of TEA–21 and funded in the Department of the Interior appropriations, is grossly under funded nationally at $26 million per year; and

WHEREAS: There are other programs within the reauthorization of TEA–21 that could better serve the tribes through direct access of the programs at the U.S. Department of Transportation; and

WHEREAS: A national TEA–21 Reauthorization Task Force sponsored by the National Congress of American Indians has developed a national tribal position on TEA–21 reauthorization, that includes:—increasing IRR appropriation to $500 million per year;

- Additional tribal set-asides for the Federal Transit Authority and other programs within FHWA;
- Increases to bridge funding;
- Various technical corrections to the administration of the IRR program;

NOW THEREFORE BE IT RESOLVED by the Delegates to the 2002 Annual Convention of the Alaska Federation of Natives, Inc., that they support, in general, the national position of the NCAI Reauthorization Task Force in regard to funding increases, additional tribal set-aside programs, and technical corrections to the administration of the IRR program; and

BE IT FURTHER RESOLVED that the Delegates request specific legislative changes to the IRR program that require the BIA to:

1) Develop IRR road inventories for each Alaska Native village, including at a minimum all village streets, primary access roads and trails, and economic enhancement projects identified by the tribe, and to use such inventories in the funding distribution for the IRR program;

2) Use actual construction cost data from Alaska when applying the IRR funding formula and to update such data annually;

3) Continue the allocation of Administrative Capacity Building funds at $35,000 per tribe throughout the authorization period; and

BE IT FURTHER RESOLVED that the reauthorization legislation clearly specify that the IRR Program is fully subject to PL 93–638 contracting/compacting at all levels and that the program may be contracted according to tribal formula shares; and.

BE IT FURTHER RESOLVED that the delegates support an increase in the Department of the Interior Appropriations for the IRR Road Maintenance Program to no less than $127 million annually in a manner which does not reduce appropriations to other BIA programs; and

BE IT FINALLY RESOLVED that the funding method for distribution of IRR program management and oversight funds to the 12 BIA Regional offices, including the Alaska Region, must be equitable distributed so that all federally Recognized Tribes

can expect to receive a comparable level of BIA service from the "6 percent" IRR program management and oversight funds.

SUBMITTED BY: KAWERAK, INC
COMMITTEE ACTION: DO PASS TIER 2
CONVENTION ACTION: PASSED

ALEUTIAN/PRIBILOF ISLANDS ASSOCIATION, INC.
201 E. 3D AVENUE
Anchorage, Alaska 99501, February 7, 2003

Ms. Julie Kitka, President
Alaska Federation of Natives
1577 "C Street, Suite 300
Anchorage, Alaska 99501

Re: Rural Alaska Transportation Needs/Projects Dear Ms. Kitka:

The Aleutian/Pribilof Islands Association is pleased to respond to your request for a list of high priority transportation needs in the Aleutians and Pribilofs region. Attached to this letter you will find a list of priority projects by community, but which have not been prioritized on a region-wide basis.

As you are aware, the Bureau of Indian Affairs and the Federal Highway Administration have made planning funds available to tribes under the Indian Reservation Roads Capacity Building program. The tribes in our region have utilized this temporary funding to address long-range transportation planning, update and correct roads into the BIA road inventory system, and do cooperative' inter-agency planning at the local, State and Federal level. In addition, to the projects listed on the enclosed priority list, our villages have identified a need for continued funding for transportation planning at the local level. Efficient, viable and safe transportation is vital to the well-being of the residents of our region who live in some of the most remote and difficult to access' areas of Alaska.

We look forward to working with you on the transportation needs for Alaska Natives. Please feel free to contact Bobby Jo Kramer, Transportation Planner, at (907) 276–2700 if you have any questions regarding transportation issues in our region.

Sincerely,

DIMITRI PHILEMONOF
President and CEO

ALASKA FEDERATION OF NATIVES, INC.

1577 "C STREET, SUITE 300 ANCHORAGE, ALASKA 99501

MEMORANDUM

TO: AFN Board of Directors
FROM: Julie Kitka, President
RE: Rural Alaska Transportation Needs/Projects
DATE: January 22, 2003

AFN staff held a Roads Strategy Meeting on January 21, 2003 to continue our efforts in creating employment and economic development opportunities for Alaska Natives and Alaska Native organizations in transportation and related fields. One major discussion was to find ways and means to assist The Honorable Don Young, Chairman of the U. S. House Transportation and Infrastructure Committee, to establish highway and transit projects in the State of Alaska.

AFN is willing to consider incorporating the transportation needs of the Alaska Natives into the Alaska statewide high priority transportation plans; however, we think that it is in the best interests of the Alaska Natives to work directly with Chairman Don Young of Alaska in establishing the high priority transportation needs of the Alaska Natives on their own merits. In doing so, we feel that the Alaska Native Community would be able to establish local and Native control leading to Alaska Native hire in the development of transportation needs of the Alaska Natives in rural Alaska.

Please furnish AFN your existing high priority transportation needs from your respective region. In defining the transportation needs of your region, include where they are needed, a brief description of such needs and include a brief justification for each need. We will incorporate what you send us into what we would characterize as statewide Alaska Native Highway and Transit Needs. Once this is established, we will submit this package to the Honorable Don Young for his consideration.

During the course of this meeting, the participants decided that Alaska Federation of Natives would act as a clearinghouse for the high priority transportation needs of the Alaska Natives, and Julie Kitka,

President would be in charge of this clearinghouse on behalf of AFN.

A major priority of the Denali Commission in 2003 is to establish a statewide transportation system for Alaska. To this end, then Senator Frank Murkowski introduced S. 3106, the "Denali Transportation System Act." This bill would have amended the Denali Commission Act of 1998 such that it would be authorized to deal with statewide transportation infrastructure by incorporating the urban and rural highway and transit projects in the State of Alaska.

Attached, please find the following for your review:

1. TEA 21 REAUTHORIZATION: This is a copy of a letter written by Congressman Don Young and James L. Oberstar to the U. S. House Committee on Transportation and Infrastructure requesting the committee members to identify specific surface transportation projects that would improve surface transportation in the districts of the committee members.

2. TRANSPORTATION NEEDS SUMMARY: This document summarizes the various transportation needs throughout the State of Alaska.

3. Rural Transportation Plans: This document was used by the Alaska Department of Transportation and Public Facilities in briefing the Denali Commission on its rural transportation plans.

4. Denali Commission Quarterly Meeting: This is briefing paper on Rural Transportation Plans for Alaska on the issue of Community and industrial transportation needs in rural Alaska. The last three pages of this document lists the Department of Transportation's High–Priority List and identifies the projects under the Project Title.

5. Copy of S. 3106: This is a copy of a bill that was introduced during the second Session of the 107th Congress. This bill would amend the Denali Commission Act of 1998 by establishing the Denali transportation system in Alaska. This bill died when the 107th Congress adjourned. This bill may be reintroduced in its present form during the 108th Congress.

I am looking forward to hearing from you concerning the high priority transportation needs of your respective regions as soon as possible.

Thank you for your consideration. If you have any questions concerning this memo, please call me at AFN. In my absence, please ask for Nelson N. Angapak, Sr. of my staff. He is working with me on this issue.

BRISTOL BAY NATIVE ASSOCIATION

DILLINGHAM, AK 999576, FEBRUARY 14, 2003

Julie Kitka, *President*
Alaska Federation of Natives
1577 "C" Street, Suite 300
Anchorage, AK 99501

Re: Bristol Bay's Transportation Needs Dear Julie:

Please consider this letter a summary of our region's transportation needs.. We're pleased to see that AFN will be working with Representative Don Young and the Denali Commission to address transportation infrastructure needs in our State.

We view improving transportation in our region as a critical comer stone to promoting economic development. It results in improved access; lowers the cost of living; increases export opportunities; enhances mineral, oil, and natural gas exploration and development (which will lower our region's extremely high energy costs), and will help to stimulate economic activity in our region. With the Bristol Bay area having been declared an economic disaster four out of the last 6 years, there's,a strong need for employment opportunities in our region.

Our highest transportation priority is to address our region's fisheries transportation needs. Despite our fishery experiencing severe economic problems, we anticipate our fishery to play a vital role in our region's economy.

A. All-tide docks, boat ramps, and staging areas:

Our region's salmon fishery once had as many as 24 salmon buyers (many of whom were floating processors) however we're now down to about 7 or 8 salmon buyers (now mostly shored-based processors). If Bristol Bay's salmon runs begin to rebound and the returns come back strong, we envision the need to move salmon as quickly as possible from tenders to either on-shore processing plants or airports for shipment to world markets.

Improving access for cargo and fish delivery is essential for our coastal fishing communities—not only to stimulate local economic activity and create jobs, but to

also improve upon raw fish landing taxes. The region's lack of all-tide docks, boat ramps, and staging areas also has a direct impact on salmon quality. At times, salmon tenders must wait up to six (6) hours on Bristol Bay's high tidal conditions before they can deliver salmon to shore-based processing plants. Many of our coastal villages that get freight via barges during the summer months need larger facilities and staging areas to accommodate the transfer of freight.

1. Togiak Dock & Staging Area: $ Unavailable

The city of Togiak would like to construct a dock and staging area in their village to enable barges to offload cargo in their community. This facility will be constructed near the community's old cannery.

2. Togiak All-tide Boat Ramp, Staging Area, and Access Road: $ Unavailable

The city of Togiak has plans to construct an access road to a deepwater site located west of the village and would like to construct an all-tide boat ramp and staging area at the site. This project would enable the community to improve their access to the fishing grounds to help diversify their fishing economy. The Togiak fishing district not only produces salmon and herring but is rich with shrimp, crab, yellowfin sole, sea cucumbers, sea urchins and other species.—Without these combined projects, Togiak fishermen must wait on tidal conditions to access shore-based plants and their community

3. Dillingham All-tide Dock: $4.1 million

The city of Dillingham has plans to construct an all-tide dock. This dock will be build where the old Dillingham Cold Storage dock currently exists and is no longer being, used. It will be located adjacent to the existing container dock. It will extend seaward 100 feet beyond where the old cold storage existed, and the face of the dock will reach the minus 4 foot tide mark for the area. It will be build out of steel and be 5 feet lower than the old cold storage dock to facilitate greater cargo handling for the community—determined at up to 18 hours per day.

4. Chignik Public Dock: $4 million

Despite being a hub community for 5 communities in the Chignik area, this community does not have a public dock. This project will construct a new public dock/port facility that consists of an all tide, deep draft, 300 foot heavy capacity dock, boat lifts, eight acres of uplands for storage, cargo handling, fish processing and boat repair, and facilities to accommodate the Alaska Marine Highway System. The design and permitting process are nearly complete.

5. Naknek All–Tide Dock: $5 million

The Bristol Bay Borough wants to construct an all-tide dock in Naknek. Plans for this facility will include temporary boat mooring accommodations. The face of the dock structure will extend to the edge of the existing river channel to accommodate limited capacity low tide access. Basic services provided at the facility will include fuel, water, ice and electricity to the dock structure. It will also provide upland development facilities that will include as a minimum: Public parking, restrooms, laundry, showers and fish processing. The site should ideally be located such that additional land area is available to include future expansion and development for value-added fish processing and other related commercial development. Preliminary project design and construction cost goals are to be about $5 million.

6. Perryville Cargo Dock: Estimated @ $1.8 million

The community of Perryville has been trying for years to obtain funds to construct a cargo dock near their community. To date the community uses a towed landing craft that is park on the beach in front of the village to haul cargo, however this barge cannot be used during windy onshore conditions. The community would prefer to use steel pilings to construct the dock, however is willing to utilize interlocking metal sheets filled with cement to haul cargo on. The construction of this dock would enable the ferry, system that travels between Chignik and Sand Point to stop at their community.

B. Airports: 6,000-foot runways in each commercial fishing district:

Area communities want 6,000' runways so goods can be flown in directly from Anchorage instead of being shuttled through hub communities, and salmon can be flown directly to both domestic and international markets. These 6,000' runways are considered critical to communities in the western part of the region because the State Department of Transportation (DOT) has no long-term plans for construction of roads between these communities. Every major fishing district in our region should have at least one 6000' airstrip, paved and lighted to enable the movement of fish and heavy cargo into and out of that district.

Many villagers pay in excess of 200 percent for the same loaf of bread or gallon of milk, etc, when compared to Anchorage's store prices (most "fresh items" are simply not available). Fuel oil and gasoline follow suit with costs per gallon well in excess of $2.50 to $4.00. Extremely high electrical costs are yet another direct result of short airstrips, due to limitations on the number of gallons smaller aircrafts are

able to transport on a "per flight" basis. Additional flights have to be made to fly in fuel in sufficient quantities to get the smaller communities through the winter months. This drives the costs up dramatically.

Villagers in our region who live only a few miles apart are unable travel to the village "next door" due to costs of flights or lack of scheduled air transportation. Not only is this a safety issue, the lack of adequately sized runways limits the size/capacity of aircraft that can be used to provide needed fuel, groceries and deliver and/or backhaul freight (fish). The result is a lower standard of living due to a much higher than average "cost of living"

To date, Dillingham has a 6,400-foot airport; King Salmon has a cross-strip airport that measures 4,000 feet and 8,500 feet respectively; and Egegik recently had a 5,600-foot airport constructed.

1. Togiak Airport Extension and Cross-strip Completion: $ Unavailable

The community of Togiak, which is the second largest community in the region, would like to complete the extension of the cross-strip that is currently closed. The Bureau of Indian Affairs recently upgraded the roads in the community, and began to construct a cross-strip however did not complete the project because funds were exhausted. The cross-strip is only 1,920 feet long. The community has a 4,400-foot east and west airport that should be extended to 6,000 feet to accommodate "Hercable" cargo planes to fly salmon out from the community.

2. Chignik Airport Lighting & Resurfacing: $1.4 million

The community of Chignik would like to install airport lighting and resurface its 2600'x 60' runway, taxiway and apron with 9" of new gravel.

3. Clark's Point Airport Completion & Extension: $ Unavailable

In 2002, DOT began constructing a new airport in this community, which is located in the hub of Nushagak's commercial fishing district, however had to stop its construction because a section of the airport kept settling. This particular airport should be completed and extended to accommodate large cargo planes to land in the community and fly fish out.

4. Pilot Point Airport Extension: $ Unavailable

The community of Pilot Point serves as the hub community for the Ugashik commercial fishing district. It recently had a new 3,280-foot airport constructed, however the community needs an airport that is at least 6,000 feet long to enable large cargo planes to fly salmon out.

C. Roads:

Roads should be constructed from hub or regional airports to villages nearby. Villages need to be & deserve to be connected by road, if not to the outside 'road system" at least to the closest hub or regional airport. In many cases, four wheeler trails exist between villages and usually follow the best routes due to local knowledge of the terrain, impacts from rivers, winds, etc. Many of these trails should be examined and where possible, improved and made into at least seasonal roads adequate enough to transport fuel and freight over during the summer and fall.

1. Williamsport/Pile Road: Roads $10 million/(including port facilities) Corps $3.9 million

The Lake and Peninsula Borough has been working to get the Williamsport/Pile Bay road and bridge upgraded. This one-lane road has been used to haul Bristol Bay commercial fishing boats between the Cook Inlet area and Bristol Bay, however the bridge is too small to accommodate most of today's larger 32' vessels. Plans are to make it a two-lane road and increase the size of the bridge to accommodate larger boats. To improve on accessing the road at Williamsport on the Cook Inlet side, the Army Corps of Engineers would need to dredge the area. Once this route is upgraded, freight costs to the Iliamna Lake area communities is expected to decrease substantially. The Lake and. Peninsula Borough has agreed to maintain the road.

2. Iliamna/Nondalton road: $5 million

This DOT project will complete the road link between the communities of Iliamna, Newhalen, and Nondalton. The project has been "work in progress" since the 1970's and the road is substantially complete for 13 miles to the proposed bridge site at the Newhalen River. The project consists of road improvements from the Iliamna airport to the bridge site (13 miles), a one-lane bridge over the Newhalen River, and significant improvements for the remaining 2 miles to Nondalton. Engineering and permitting activities are almost complete.

3. Anchorage to Bristol Bay road/railroad feasibility study:

Many in Southwest Alaska support some type of ground transportation connection to Alaska's road system or rail-belt. Such a connection is discussed in the Southwest Alaska Transportation Plan and should be pursued with Federal dollars as soon as practical. If the mineral exploration now occurring within the region proves to be viable, serious consideration must be given to a transportation inter-tie to either the road system or the railroad. The community of King Salmon fully supports the con-

struction of a road or railroad from Anchorage to their community. This particular feasibility study should include documentation of village support from communities that are expected to be impacted (i.e. resolutions of support from all the Iliamna communities).

D. Expand the Alaska Ferry[1] System in Bristol Bay.

While Southeast, Southcentral, and Alaskan Peninsula communities located on the Gulf of Alaska enjoy the benefits of the Alaska Ferry System, no benefits are realized in Bristol Bay. Once the Williamsport/Pile Bay road and bridges have been upgraded, and dredging is completed at the Williamsport site, then the Alaska Ferry System can offload passengers and vehicles at Williamsport.

In the future, there's a need to take a serious look at expanding the Alaska Ferry System into Bristol Bay served by the "Blue Canoe" to Naknek's deepwater dock. From that deepwater dock, smaller, 'high-speed ferries can be utilized accessing communities around Bristol Bay and up the Kvichak River to Iliamna Lake area. It makes sense to incorporate more, smaller, high-speed ferries to enable service to the Bristol Bay area.

By-pass Mail:

Other than improving transportation needs, there's a need to protect "by-pass mail". Communities depend upon the bypass mail rates to help keep the cost of living down. Tons of groceries an supplies are mailed annually to all the villages. It is imperative that the intent of' the original by-pass mail provision to reduce cost be maintained.

Thank you for your attention on this matter. If you have any questions, please don't hesitate to call me at 1–800–478–5257 or email me at terryh@bbna.com.

Sincerely,

TERRY HOEFFERLE, *Chief of Operations*
Bristol Bay Native Association

STATEMENT OF GEORGE P. WUERCH, MAYOR, MUNICIPALITY OF ANCHORAGE

Good morning madam chair, members of the committee, my name is George Wuerch and I am the Mayor of the Municipality of Anchorage. I am here this morning to testify in support of several changes to Federal laws that impact public works and to champion two specific projects that I believe will greatly benefit the majority of State residents. I also want to acknowledge from the outset the tremendous impact that TEA–21 and its successor legislation has had on this State and this Nation.

One particular Federal act with which we wrestle is the National Environmental Policy Act, or NEPA, which has had grave consequences for many of our local public works projects. Because of Alaska's unique geography, practically every project we undertake requires us to navigate this cumbersome and costly process.

The Act is not the problem so much as its implementation. It takes far too long, it is expensive to comply, it invites litigation by environmental groups, and it is inconsistently implemented by each agency of the Federal Government. I'm sure the committee has heard these complaints aired before. But from our standpoint, what's really missing is recognition of the legitimate role for local government in the decisionmaking process. NEPA was designed to protect the integrity of the environment, but it has morphed into a regulatory strait jacket which supplants the economic needs of the community with agency preferences for environmental preservation.

Let me be very specific on this issue. The problem lies in the application of NEPA to local decisions to expand or improve on facilities that already exist; such as changing highway intersections and adding traffic lanes to existing roads.

We are stewards of our own community and Congress ought to recognize that by vesting communities with sufficient authority and latitude to undertake certain types of transportation projects in a more efficient manner.

Now that I've outlined some of the difficulties we face in working with one Federal law, let me move on to a more pleasant topic—how the Federal Government can assist us in building the infrastructure necessary for this region to grow and prosper.

A roadless State, such as Alaska, needs be able to apply traditional transportation funding to some non-traditional uses. Specifically, we are requesting that TEA–21 funds be allocated for expenditure on marine component infrastructure. I am not talking about funding for one-time projects, but rather we seek a reoccurring revenue stream for marine projects. More than 80 percent of the goods that flow into Alaska pass over the docks of the Port of Anchorage. Our municipality is currently

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[1] 1§2(b) of P.L. 92–2031

pursuing a major redevelopment program at the Port so it can adequately serve our community, as well as the rest of the State, for the next half century. You'll hear more about this project from the Port, but I wanted to touch on the need for programmed Federal assistance on an ongoing basis, just like most MPOs receive for roads. Our waterside facilities are critical to this community, the State and the Federal Government.

I would also like to reinforce the critical need for a road connection across Knik Arm to the Matanuska–Susitna Borough. Anchorage is a city hemmed in by geography and Federal land ownership. While we continue to build our economy and city, we are painfully aware of the diminishing amount of land available for development in the Anchorage Bowl. As an example, Anchorage has less than 7,000 acres of potential industrial land remaining within the entire

Municipality. By comparison, the Mat–Su Borough has hundreds of thousands of undeveloped acres just a short mile across the water. Our two economies are already linked because many of that borough's citizens are part of our workforce in Anchorage. But in order for the Mat–Su Borough to take advantage of our existing infrastructure for its own economic development, it needs this road/rail connection as much as we do.

As you are aware, Metropolitan Planning Organizations, or MPOs, are chartered by the Federal Government to make transportation-planning decisions within their geographic boundaries. Our MPO is known as Anchorage Metropolitan Area Transportation Solutions, or AMATS. It would be extremely valuable to our planning process to be able to take into account the transportation needs of local governments that are adjacent to our own. In our case, that would be the Matanuska Susitna Borough and the Kenai Peninsula Borough. Unfortunately, neither of our sister municipalities qualify for MPO status due to population density and are not granted the same level of self-determination that we are. We need, therefore, Federal recognition to assemble and seek funding for regional priority projects in conjunction with our next store neighbors.

We also believe that the funded allocation to MPOs should be by direct transfer from the Federal Government. Passing the money through State agencies is simply inconsistent with the ideal of local control in the planning and implementation of transportation solutions. As part of the State budget process, the non–Federal share could be provided by statute for any community with an approved MPO.

I certainly appreciate the opportunity to address the committee and share some of our ideas on transportation issues that affect the State. I also want to express my appreciation for the committee's work in Alaska.

STATEMENT OF CHERYL GARDNER COPPE, EXECUTIVE ADMINISTRATOR FOR PORT DEVELOPMENT MUNICIPALITY OF ANCHORAGE, PORT OF ANCHORAGE

Madame Chairperson and members of the committee, thank you for this opportunity to present testimony on behalf of the Mayor of the Municipality of Anchorage, George Wuerch and the Director of the Port of Anchorage, Former Governor William Sheffield. I will discuss the regional and national importance of the Port of Anchorage and the need for Federal funding to support the rehabilitation and expansion of the Port through its Port Intermodal Expansion Project.

Introduction

The Port of Anchorage is a freight and passenger marine transportation facility of approximately 130 acres. It is Alaska's regional port a department of the Municipality of Anchorage, but self-supporting. The Port receives no tax support from the Municipality and, in fact, pays an annual assessment in lieu of taxes to the Municipality from its net profits.

Economic Impact

The Port is the keystone and hub of a massive multimodal transportation system that helps Alaskan businesses remain competitive with their counterparts in the Lower 48. It is estimated that the Port contributes approximately $725 million annually to the State's economy. For this reason, the Port is considered a major economic driver, serving not only the Municipality of Anchorage. 80 percent of the State's geographical area receives cargo from the Port that is transshipped by truck, train, plane and barge to final destinations throughout the State. The population of this same area receives more than 90 percent of its consumer goods through the Port of Anchorage. Additionally, the Port of Anchorage weighs significantly on the economic security of the Pacific Northwest. The flow of cargo to and from the Port wields potent indirect economic impacts that affect the Puget Sound area of Wash-

ington because Port of Anchorage operations drive more than one third of all the cargo operations at the Port of Tacoma.

Not large by international standards, the Port is recognized as one of the most efficiently operated container ports on the West Coast and consistently ranks in the top 25 container ports in North America for the volume of cargo moved through its facilities. Four million tons of cargo move annually across the docks and through its marine terminals.

The Port's petroleum terminals serve the communities of South Central and Western Alaska. Jet fuel used by Elmendorf Air Force Base and Ted Stevens Anchorage International Airport also moves through the Port's petroleum terminals and is transported by pipeline to those facilities.

National Security Impact

Local military planners recognize the Port of Anchorage as a "critical node" and a "strategic port" under certain Department of Defense (DOD) contingency planning scenarios. Because of its strategic value, location and proximity to neighboring military commands at Elmendorf Air Force Base and Fort Richardson, the Port of Anchorage is a critical component for certain DOD strategic activities concerning mobilization planning.

For these reasons, the Port of Anchorage entered into a Federal Port Controller service agreement on April 27, 1987, which is still in effect. Additionally, the Port maintains close professional working relationships with the Military Traffic Management Command (MTMC), Military Sealift Command (MSC), and all local and statewide military logistics and transportation officials.

During March, 2003, the Port of Anchorage received letters from Lt. General Carrol Chandler, Commander of the Alaskan Command, and Major General John Brown of U.S. Army Alaska. These letters endorsed the Port Intermodal Expansion Project. In particular, the Road and Rail, Barge Terminal and Harbor Deepening phases of the project will support the rapid deployment of the Army's new Stryker Brigade Combat Team and enhance the Department of Defense's ability to more rapidly process troops and equipment for any worldwide deployment. These near-term phases of the Port's expansion plans are especially important to the Stryker Brigade because its operational capability is scheduled for May 2005.

Port Intermodal Expansion Project

The Port is preparing for the near and long-term future needs of both the State and nation by initiating extensive rehabilitation and new construction in multiple phases over an expedited schedule from 2003 through 2008 under its Port Intermodal Expansion Project. The Maritime Administration (MARAD) recently became the Federal Lead Agency for this project through special legislation passed in the 2003 Consolidated Appropriations Resolution.

The Port states with pride that the Port Expansion development and administrative concepts it and MARAD will employ are unique and audacious especially when compared to the customary U.S. Department of Transportation project delivery processes. This is the first major marine transportation infrastructure project ever sponsored and supported by MARAD and the U.S. Department of Transportation. For this reason, the Maritime Administration and the Port sought to make this arrangement an "innovative partnership" that integrates modes of transportation water, road and rail into a cohesive system, exemplifying the type of intermodal, public-private, commercial-military initiative that will define the U. S. Marine Transportation System in the 21st century.

The phases of this project include but are not limited to:

- Road and rail access development that will provide direct loading of containers from vessels onto rail cars;
- Barge terminal facility and storage areas that will accommodate military high-speed sealift capability, movement of heavy equipment and oilfield module construction;
- A 1,200-foot multipurpose dock designed to handle a variety of vessels, including cruise ships. The dock also features new petroleum piers designed for deeper-draft, double-hull tankers that will call at the Port;
- Rehabilitation and widening of the existing dock to meet increasing weight requirements and accommodate three new 100-foot gauge container cranes;
- Reconfiguration of all cargo transit, storage yards and terminals and
- Deepening of the authorized dredge depth of the Anchorage Harbor and Navigation Channel from—35 feet at low tide to—45 feet. This project phase will occur in partnership with the U.S. Army Corps of Engineers.

The total cost for all phases of the Port Intermodal Expansion Project is estimated to be approximately $227 million. Proposed project shares are: 38 percent Non-

Federal; 27 percent Appropriations Earmarks and 35 percent from TEA–21 Reauthorization. The Port currently has $55 million available as contribution toward the anticipated nonFederal portion of Port Expansion costs.

Conclusion

In conclusion, implementation of the Port Intermodal Expansion Project will provide the major transportation infrastructure necessary to move Alaska's Regional Port—the Port of Anchorage—into the future, meeting commercial and military needs of the State, the region and the Nation. This project can also become the benchmark for Marine Transportation System development throughout the Nation. However, the ultimate success of this project relies on the support of the members of this committee, their colleagues in both Houses of Congress and their collective commitment to provide the Federal financial resources necessary to make it a reality.

Madame Chairperson and members of the committee, this concludes my statement. I again thank you for the opportunity to testify today on behalf of the Municipality of Anchorage and the Port of Anchorage. I will be pleased to answer any questions you may have.

STATEMENT OF CARVEL ZIMIN, PRESIDENT, BRISTON BAY BOROUGH ASSEMBLY

I serve as President of Bristol Borough Assembly. We have five assemblymen, a mayor, and a manager. We were the first Borough municipality to form in the State of Alaska, in 1962.

My focus today will be on Bristol Bay Borough resolution 2002—16, priorities one and six.

First the Naknek River Bridge Project. The Borough Assembly agrees that the single most important thing that could happen to enhance economic growth of the borough is "a bridge across the Naknek River." Thus its No. 1 ranking.

I personally hand delivered our request to our delegation in Washington, DC. As you see before you in a letter to the honorable Don Young dated March 1, 2003, and a Transportation Project Evaluation Criteria Form.

We believe this project will bring "real benefits to both the region and the State" as a part of the State of Alaska's "Southwest Alaska Transportation Plan."

Residents of the region are in strong support of the project.

Bristol Bay has had some of the world's largest returns of wild, natural salmon, including the much-prized Sockeye or Red Salmon. Commercial harvesting of Sockeye has occurred since the 1890's. There are still numerous large fish processing facilities that will benefit from completion of a bridge.

Also residents of Bristol Bay would benefit greatly. Currently school children from South Naknek, 6th through 12th grades, are flown daily to and from South Naknek to attend high school in Naknek.

Employment opportunities for Bristol Bay Borough residents would improve along with health care access, and the availability of an all weather airport by South Naknek residents.

Public Works, Public Safety, Fire and EMS, Community Development and Support Services, Solid Waste, Schools, Ports, Libraries and Quality of Life things would benefit from combining services at a cost savings to the borough, region, and industry.

We would like to see exploration for shallow natural gas, development, and transfer to our local utility for cheap electrical generation.

Finally on 6: Improvements to our existing Borough dock would help tremendously as we are spending close to $200,000.00 per year in up-keep to our main port of entry for freight.

Normal life span of a concrete and steel piling dock is 20 to 25 years. We are experiencing normal wear at 22 years.

We average 21st ranking for pounds and dollars of all U.S. ports. This is only canned fish; it does not include containers of frozen salmon shipped to Dutch Harbor, Alaska.

STATEMENT OF JIM COOPER, MAYOR, CITY OF PALMER, ALASKA

Thank you, Madam Chair and committee members, for providing this opportunity for testimony on transportation infrastructure needs in Alaska. On behalf of the city of Palmer, I welcome you to our community and hope this hearing and your time in our community is fruitful and informative.

The city of Palmer is not a large community, but it is representative of so many communities in the United States that are experiencing growth and trying to meet the challenges of building and improving local transportation infrastructure. Palmer has the highest population density of mid-sized Alaska cities by a factor of two. Palmer is experiencing an annual growth rate of 7 percent, and the capacity of our transportation infrastructure is not keeping up with that growth.

Palmer is served by the Glenn Highway from the north and south, the Old Glenn Highway from the east, and the Palmer–Wasilla Highway from the west. The Glenn Highway, a Federal interstate highway, passes directly through Palmer. All of these roads, including local Palmer city streets, have experienced tremendous increases in usage in recent years, and all of these roads are in need of capacity and safety improvements.

Traffic on the Glenn Highway south of Palmer has increased one hundred percent in 10 years and has reached levels that suggest it be improved from its present two lanes to four lanes. Traffic on the Palmer–Wasilla Highway has increased fifty percent in 10 years, creating the need for either a major capacity improvement or construction of another parallel route.

The need for these projects has been identified for some time. These projects and many others are listed in the State of Alaska's statewide Transportation Improvement Program, or STIR Yet years pass, traffic and congestion increases, and these projects are bumped back again and again in the STIP schedule, often due to an overall level of funding that is not sufficient to address transportation needs on a timely basis. We believe that the current level of Federal highway funding is not adequate to meet the growing, and increasingly deferred transportation needs of our area.

As we plan for improvements to the Glenn Highway through Palmer, a Federal interstate highway, there is a compelling need to design those improvements so they enhance, rather than divide our community. Also, the Glenn Highway has recently been designated as a National Scenic Byway. Because of this designation and to recognize the needs of our community, the city of Palmer, in cooperation with the State of Alaska, hopes to develop an urban boulevard design for the Glenn Highway through Palmer. This approach will combine pedestrian facilities and landscape improvements with roadway capacity improvements so this project fits into our community.

In regards to local roads, Palmer has had several local projects listed in the STIR The City has worked with the Alaska Department of Transportation and Public Facilities to construct some of these projects. Our success in some of these projects has been due to a high level of local participation. The City believes some local projects can be done on a more timely, cost effective and efficient basis if project funds are transferred to the local municipality through a memorandum of agreement.

There are other important transportation elements that deserve continued attention and funding. The city of Palmer is involved in a project funded through a Federal Highway Administration Transportation and Community and System Preservation (TCSP) program grant to improve the Alaska Railroad right-of-way through Palmer. This Urban Revitalization project, made possible by a partnership of State and Federal agencies and the Alaska Railroad, will construct pedestrian and bicycle pathways, parking areas, and other improvements to enhance alternate means of local transportation in our community. This is also a project which will be an important part of an area-wide system of trails connecting Sutton to the north, the Butte and Knik River areas to the east, and Wasilla and Big Lake to the west. To the south, the project will connect to a new park-and-ride facility soon to be constructed at the Alaska State Fair in Palmer using Federal Transit Administration funds.

In summary, we stress the need for continued and increased levels of Federal funding for transportation improvements in Alaska, and for the continuation of programs that allow close coordination of transportation improvement planning with the needs of local communities.

Thank you for the opportunity to testify before you today, and thank you again for convening this hearing in our community.

STATEMENT OF MAYOR DIANNE M. KELLER, CITY OF WASILLA, AK

Madame Chairman, and members of the committee, my name is Dianne Keller. I am the Mayor of the city of Wasilla, one of the fastest growing cities in the fastest growing region of Alaska. The 2000 census shows that Wasilla has grown 35.7 percent since 1990 and 15 percent last year. This is more than double the statewide Alaska growth rate of 14 percent during the same decade. That growth rate is predicted to continue at least 20 years into the future. With that growth comes an un-

precedented demand for basic services including roads and water and sewer, the provision and funding of which this committee has direct oversight.

This unprecedented growth has also led to a major commuting phenomenon from Wasilla to Anchorage where many of the residents of Wasilla and the surrounding borough work. Approximately 38 percent of the Borough workforce commutes and this affects Wasilla greatly. Much of this workforce commutes directly through Wasilla twice a day. The growth and accompanying congestion is situated in Wasilla and the core area as well as north of Wasilla. These commuters have no choice but to commute directly through our city due to the current infrastructure that is in place today.

Madame Chairman, my message to you is simple. We need help and we need it quickly. I know that the State has its responsibilities under the highway trust fund formula, but it is clear that the State has its hands full. Wasilla is ground zero for traffic congestion and I would request that the committee help the State and our local governments to solve this problem. Here is how I urge this committee to provide the necessary assistance:

1. Fully fund the Highway Trust Fund under the reauthorization of the Transportation Equity Act. This includes insuring that 5 year funding will be available for projects in our area.
2. Provide a fair formula for "small States" which have large needs even though they may have smaller populations.
3. Fund Construction of the Knik Arm Crossing.
4. Provide funding for some local projects, which will assist cities like Wasilla, Palmer and Houston. One such project is the transportation corridor that will allow traffic to travel around Wasilla with exits into the city of Wasilla. The transportation corridor should include road and railroad access that will allow all forms of transportation to travel through the Wasilla area more safely.

What This Means for Wasilla

No population in the State has a greater stake in passage of a 5-year Transportation Equity Act reauthorization than Wasilla. We can only have some hope to deal with our local traffic congestion if this bill passes and passed on time. If the Knik Arm Crossing is built, then an even greater congestion problem in and out of Wasilla may be avoided. Right now, every car which travels from to Anchorage to Fairbanks has no alternative except to commute directly through Wasilla. This local commuting provides unmanageable traffic congestion during the morning and afternoon rush hours. The stream of traffic is long and dangerous for drivers and pedestrians. Additionally, this makes it very hard for merchants to develop a well-managed economy because traffic becomes gridlocked and people want to avoid these areas. Employment had grown 73.6 percent in the area in the last decade. We need your assistance to help plan and manage this traffic today and into the future.

Madame Chairman, I have submitted for the record two projects which appear to be local projects, however they will assist with the regional transportation needs of the Mat–Su Valley. The first, Mack Road Drive construction and improvements will be the principal exit and approach from Wasilla to the Knik Arm bridge crossing. This project will also provide access to the newest major regional project, the city of Wasilla Multi–Use Sports Complex. The City is very proud of this project; it is a $14.7 million project that was locally bonded. This complex will also be an emergency evacuation center for residents of the core area in case of a disaster. We have just begun the land clearing for this project and after completion Mack Road will open up a new access point to this project as well as creating a new access point to the Knik Arm bridge crossing. The Mack Road project has been nominated to the State Transportation Improvement Plan (STEP).

The other project the city of Wasilla has requested funding for is the upgrading of Lucille Street. This project is also a major road upgrade that will reduce the amount of traffic on the Parks highway and Main Street in Wasilla. I have discussed this project with the Mat–Su Borough and we all agree that we need more North–South road corridors for the public to use for daily commuting as well as for evacuation routes in case of emergencies like the Miller's Reach Fire in 1996. Again, it is critical that the committee provide some mechanism for projects such as these be to be included in the Transportation Equity Act.

Madame Chairman, I do not want to take too much of this committee's time. I know you have had a lot of witnesses. However, as a resident of the Mat–Su Valley and the Mayor of Wasilla, I want to thank you for taking the time to come to the Mat–Su valley to see our infrastructure needs in person. We believe that the future of South Central Alaska is critical to the future of our State and where the majority of growth will continue in the near and far future. Thanks again for holding this

hearing and allowing me to make written and verbal testimony on the needs of the Matanuska–Susitna Borough.

ALASKA STATE SENATOR JOHN J. COWDERY

April 8, 2003.

TO: The U.S. Senate Environment and Public Works Committee

Thank you for the opportunity to testify before this committee, and thank you for taking the time to hold this field hearing here in Alaska.

Economic development is critical for Alaska. The foundation of this development is transportation infrastructure: roads, railroads, seaports and airports.

I strongly support the goals of the Denali Commission as expressed to you by Lt. Gov. Loren Leman.

I respectfully request that you especially consider the value a Knik Arm Crossing will have for Alaska in connecting two of its largest population centers: Anchorage and the Matanuska–Susitna Borough.

Today, these regions remain largely separated because of lengthy travel time and road choke points. A highway and rail bridge from the heart of Anchorage to the open land of Point Mackenzie will permit the kind of environmentally sound development Alaska needs.

In addition, I believe it is important to complete "the last transcontinental railroad" by extending the Alaska Railroad to Fort Greely, with the final goal being a complete connection to the North American rail system.

I also strongly support: 1. the construction of pioneer roads, beginning with a road from Nenana to McGrath, and 2. the expansion and upgrade of the harbor at Whittier. I believe pioneer roads can prove valuable in improving the lives of many rural Alaskans. With road and rail connection in place, and proximity to Anchorage, a world-class harbor at Whitter could prove a gateway to the export of Alaska's resources and import of goods from across the Pacific Rim.

Submitted by:

SENATOR JOHN J. COWDERY, *Chair,*
Senate Transportation Committee,
Senator for Lower Hillside–South Anchorage.

STATEMENT OF LORETTA BULLARD, PRESIDENT OF KAWERAK, INC.

Thank you Senator Murkowski and members of the committee for the opportunity testify. My name is Loretta Bullard and I am President of Kawerak, Inc. Kawerak is a regional Native non-profit corporation and consortium of 20 federally recognized tribes in the Bering Straits Region of northwestern Alaska.

Let me open my testimony by saying thank you. Thank you for holding this hearing in Alaska and for giving us this opportunity to present our needs and recommendations. We're pleased that Congress is focusing attention on our rural Alaska transportation needs.

Kawerak is one of the few tribal organizations nationally and the only tribal consortium which has contracted to perform the entire Bureau of Indian Affairs "Indian Reservation Roads" (IRR) program under the Indian Self–Determination and Education Assistance Act. There is a distinct difference between contracting to construct a particular Transportation project and compacting to provide the entire IRR Program. Basically, when you compact the entire program, the compactor is responsible for the full spectrum of the program, from planning, inventory and long term transportation plan development, to project selection, design, scheduling and construction. Kawerak contracted the entire IRR program in 2001. Effective in 2003, we rolled the IRR program into our self-governance compact.

I served as one of Alaska's tribal representatives to the national negotiated Rulemaking Committee for the IRR program. This committee was tasked to develop program rules and a funding formula. We just completed the final meeting in late March, 2003 and anticipate the final regulations will be published in time for the 04 BIA IRR fund distribution.

Alaska's ground transportation system is very undeveloped in comparison to the rest of the United States. Most villages in rural Alaska are not connected to the highway system. By noting this, however, we are not suggesting that the leading transportation need in rural Alaska is for large-scale connecting routes between villages (though the need may exist in some areas). Rather, we see the greatest need in the area of basic infrastructure development at the village level.

Many rural Alaska village streets are no more than unimproved dirt paths, and are Third World compared to similarly sized communities in the Lower 48 States. Virtually any development a village wants to do, whether it is new housing units, a new landfill, or bulk fuel tanks, access to a water source, a new sanitation lagoon or gravel site, requires road development. Unimproved village streets with no winter snow removal not uncommon in our smaller villages turn into impassable quagmires during the spring. Once the roads/beaten paths dry out, the mud turns to dust. Dust from traffic on gravel and unimproved streets fouls subsistence meat racks, berries and other vegetation and is a major health hazard for children and the elderly in many of our villages. I have attached photos of "streets" in our villages (attachment 1) just to give you a sense of what is actually on the ground in rural Alaska.

Because there are no roads between communities, snow machines are routinely used for inter-village long distance winter travel. There is a huge need in Alaska for winter trail staking. Each year lives are lost due to snow machiners simply losing the trail, falling through river or sea ice, or freezing to death in arctic blizzard conditions.

Unfortunately, our small city governments have little tax base and our tribal governments have none at all. Capital improvements are dependent on outside funding. Village road projects are rarely constructed by the State DOT, because in many instances, villages are not able to meet the match requirement.

We respectfully request your assistance to help our villages develop local infrastructure and to literally get us out of the mud and into the 21st century. Following are our recommendations.

Indian Reservation Roads Program

We encourage Congress to make amendments to the Indian Reservation Roads program during the reauthorization process. IRR funding, when it is available, is an ideal funding source for village Alaska because it can be used for a local match to leverage other funding sources. IRR funds and projects can also be administered through Indian Self–Determination Act contracts, which means that Native hire rules apply and the project can be run locally. However, there are many unresolved problems with the IRR program, not least of which is insufficient funding and unequal access to the program.

The IRR Negotiated Rulemaking Committee worked very hard to develop rules that would correct some of the problems in the program, including inventory problems. However, we were not able to address all the problems in the negotiated rulemaking process and so are presenting recommendations for your consideration. .

Inventory Amendment. One of the major problems with the existing IRR program is that the funding formula used to distribute funds nationally is based primarily on an inventory of IRR routes, and the inventory has gaping holes. For Alaska villages, a true inventory has never been prepared. Alaska's "inventory" comes from a 1993 BIA Area Plan, which was a planning document compiled from project requests submitted by the villages. At the time, the villages were told to identify one needed project. About 70 villages were not even included in the 1993 Area Plan. In addition to missing entire Native communities, the BIA's inventory data has other flaws such as simply not having complete or current construction cost data for large parts of Alaska.

We were not able to reach consensus on major changes to the existing IRR funding formula, but one of our successes was that for the years fiscal year 2000 through 2002, additional funds were made available to tribes for planning, capacity building, and related transportation activities. This was $32,500 per tribe in 2000 and $35,000 in 2001 and 2002. Prior to this allocation, Alaska Native Villages received less than $3,000 per year to do transportation planning from the 2 percent Tribal Transportation Planning funding pool, which wasn't enough to do much of anything.

This influx of funding meant our villages were finally able to begin to fully participate in the IRR program—most villages that received the funds used them to develop their first true inventory of roads and transportation needs. Kawerak did this collectively for our villages, but many other villages hired consultants or did the work themselves.

However, once inventory updates began to be submitted to BIA on a large scale, we found that the BIA was applying a "2 percent" limit to inventory increases. Having made funds available specifically for inventory updates and transportation planning activities, the BIA DOT applied a 10 year old policy to accept only 2 percent of the submitted inventory increases, calculated annually on a per BIA Region basis. In Alaska we were limited to 365 miles in the 2001 update (2 percent accumulated from 1993), and since then, it is about 45 miles per year. Further, many of the inventory submittals made were not acted upon or were returned. Imagine the frustration of the villages in Alaska that used these funds to update their inventories—

as they were supposed to, only to learn after months of waiting that their inventory submissions had not even been processed.

The current formula and inventory system is based on an implicit BIA policy decision made more than 10 years ago which concluded the basic BIA road system had already been built and that future IRR funds would be used to improve the existing system. The system was defined as a "BIA" system rather a tribal system. The premise was false, since many Alaska villages had never received IRR funding or construction at all, much less had their basic road needs identified or addressed. Alaska Native village were just as eligible by law for IRR services as any tribe in the Lower 48 States, but had barely been served at all. We are concerned that, while we specifically excluded incorporating the 2 percent policy into the draft IRR regulations, BIA will continue to apply the policy, therefore, limiting Alaska to receiving funds based on an extremely incomplete and inaccurate inventory.

Accordingly, we are requesting Congress to enact a specific fix to Alaska's inventory problem by requiring that village streets and primary access routes be included in the BIA inventory, with a limitation on access routes such that only the route segments within the village corporation boundaries be included. I have attached a copy of this language to my written testimony (attachment 2). We believe this is necessary to put Alaska on an equal footing with tribes in other areas. In the Lower 48 States the basic inventory of most tribes had been developed by 1993. In Alaska it was not and the application of the 2 percent policy, limit unfairly limits our villages to a miniscule representation of actual need.

Appropriations. Kawerak strongly supports increasing the national IRR appropriation to at least $500 million annually. The IRR program is seriously under-funded. The BIA's data identifies the IRR construction need across the country at $10.8 billion, yet under TEA–21, the IRR authorization level was $275 million annually. It would take about 40 years to meet the need at that rate. Funding for IRR roads did not proportionately increase as much as State funding did under TEA–21.

NCAI Proposal

The National Congress of American Indians (NCAI) sponsored a tribal working group that developed a series of recommendations for legislative improvement to the IRR Program. Kawerak staff participated in this workgroup, even though we are not members of NCAI, as did several other representatives from Alaska.

In addition to requesting funding increases to the IRR program and the BIA Roads Maintenance program, which we support, the NCAI draft makes a number of programmatic changes. We strongly support the programmatic changes included in the NCAI bill, as well as the funding increases.

To summarize these briefly, the NCAI bill would:

- Establish a pilot program to enable tribal contractors to contract directly with the Federal Highways Administration rather than through BIA. We strongly support this, simply because it would eliminate a "middle man" and reduce the bureaucratic processes necessary to get things done.
- Clarify that the IRR program is fully subject to PL 93–638 contracting on the same basis as other BIA programs. This should not be necessary after TEA–21, but it still is because the BIA continues to take the policy position that it can simply label certain functions as beyond the reach of PL 93–638 contracting without going through the analysis of whether the activity is question really has to be performed by a Federal employee. Normally under PL 93–638, a function or activity of the BIA is subject to tribal contracting unless it is inherently Federal for constitutional or statutory reasons.
- Continue the $35,000 per tribe allocation for administrative capacity building.

The above is just a portion of the NCAI proposal, which was intended to be a comprehensive overhaul of the IRR program. It has wide support nationally. Although much of the proposal deals with funding increases, I would like to stress that the programmatic changes are important as well.

Maintenance Funding. I would like to highlight maintenance funding. The NCAI proposal would create a new IRR maintenance program within the highway bill, funded at $70 million nationally. It also expresses congressional intent to increases the DOI appropriation for roads funding to $127 million nationally, a $100 million increase from current levels.

Regardless of what amounts are reasonable to expect in funding increases, poor maintenance of IRR routes is a critical problem. Both Federal Lands Highways and BIA have a responsibility to ensure that projects constructed with IRR funds are adequately maintained. On most IRR facilities, the responsible party for maintenance is the BIA. But the BIA road maintenance program is funded nationally at only $26–27 million per year. In Alaska very few communities even have access to these maintenance funds. Road Maintenance is in the Tribal Priority Allocation

(TPA) part of the DOI budget, which means that it is effectively buried within the overall BIA budget.

Obviously, the construction need for IRR roads is never going to go down if they are not being adequately maintained. Nationally the IRR construction program, which should be at least partially for new road construction, ends up being spent on reconstruction projects that would not be necessary if maintenance was adequate. We hope that some increases can be targeted specifically for maintenance.

S. 295, Denali Transportation System Act

We support and appreciate S. 295, which would authorize appropriations of $450 million per year to the Denali Commission to develop rural road infrastructure in Alaska. The Denali Commission has been very effective in targeting dollars to rural needs, and in cutting through Federal red tape that often exists in regard to construction projects.

However, we have some concern that if funding at this scale becomes available, some of the political dynamics driving Denali Commission activity may change. We would hope that the legislation, or the Denali Commission itself through its internal processes, will ensure that local decisionmaking drives the project decisions and that the funding not be devoted simply to large-scale access projects. We recommend that a major focus of these funds should be local village infrastructure needs.

Rather than simply comment on S. 295, we participated in an Alaska Federation of Natives workgroup that developed separate proposed legislation, which we have captioned the "Alaska Native Village Transportation Program." We refer to this as our "get us out of the mud" proposal.

Alaska Native Village Transportation Program

A conceptual version of new legislation for an Alaska Native Village Transportation Program is attached to my written comments. (attachment 3) We view this as something that might be melded into the Denali Commission bill in some fashion, or which could be a new stand-alone program essentially supplementing the IRR program.

Basically, the proposal would be to appropriate funding starting with $8 million in 2004, $15 million in 2005, and increasing in $5 million increments until capping at $30 million in 2008 and 2009. Some key features are:

It would establish Native transportation authorities in each of the 12 ANCSA regions, which could be the existing regional for profit or non-profit corporations or a new regional tribal entity. The regional transportation authorities would develop regional transportation plans and prioritize projects.

It would establish a statewide Native transportation commission made up of appointees from each of the regional transportation authorities that would determine funding allocations among the regions and coordinate transportation planning among the regions and other government entities.

Funding would be administered by FHWA, but subject to PL 93–638 contracting rules, which would include Native hire, the ability to match funds, etc.

Funding is phased in order to enable the transportation authorities and statewide commission to get started and in recognition of the fact there is a long lead-time in project development and design before roads go to construction.

Up to 15 percent of funds for construction projects could be retained for future maintenance.

In developing this proposal, one of our major concerns was simply that if there is an additional influx of transportation funding for Alaska, some portion of funds should be specifically targeted to local village projects. At construction costs in excess of $1 million per mile for new gravel roads built to Federal standards, even a large influx of funds could be used on just a few large-scale projects.

Although the creation of regional transportation authorities and a statewide commission may seem cumbersome, we feel that this is a realistic balance between the need to spread funding to different parts of the State, the huge size and differing topography and climate of the State (map attachment 4), the need to preserve local control and decisionmaking, while still effectively prioritizing funds and retaining economies of scale.

We have attempted to keep the good features of the IRR program without simply asking for an Alaska set-aside of IRR funds. We feel that the latter would unduly disrupt the national IRR program, and a set aside of IRR funding would still be subject to all of the BIA bureaucracy.

In conclusion, thank you for the opportunity to testify. If we can further explain our legislative proposals, please feel free to call on us at any time. Thank you.

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