

**ALASKA STATE LEGISLATURE
JOINT MEETING
HOUSE TRANSPORTATION STANDING COMMITTEE
SENATE TRANSPORTATION STANDING COMMITTEE**

January 30, 2001

1:35 p.m.

HOUSE MEMBERS PRESENT

Representative Vic Kohring, Chair
Representative Beverly Masek, Vice Chair
Representative Scott Ogan
Representative Drew Scalzi
Representative Peggy Wilson
Representative Mary Kapsner
Representative Albert Kookesh

SENATE MEMBERS PRESENT

Senator John Cowdery, Chair
Senator Jerry Ward, Vice Chair
Senator Robin Taylor
Senator Gary Wilken

SENATE MEMBERS ABSENT

Senator Kim Elton

COMMITTEE CALENDAR

DOT OVERVIEW BY COMMISSIONER PERKINS

PREVIOUS ACTION

No previous action to record

WITNESS REGISTER

JOE PERKINS, Commissioner
Department of Transportation & Public Facilities
3132 Channel Drive
Juneau, Alaska 99801-7898
POSITION STATEMENT: Presented an overview of DOT&PF.

TOM [BRIGHAM], Director
Division of Statewide Planning

Department of Transportation & Public Facilities
3132 Channel Drive
Juneau, Alaska 99801-7898
POSITION STATEMENT: Provided additional information.

DENNIS POSHARD, Legislative Liaison/Special Assistant
Office of the Commissioner
Department of Transportation & Public Facilities
3132 Channel Drive
Juneau, Alaska 99801-7898
POSITION STATEMENT: Provided additional information.

KURT PARKAN, Deputy Commissioner
Office of the Commissioner
Department of Transportation & Public Facilities
3132 Channel Drive
Juneau, Alaska 99801-7898
POSITION STATEMENT: Provided additional information.

ACTION NARRATIVE

TAPE 01-7, SIDE A [House TRA tape]
Number 001

CHAIR JOHN COWDERY called the joint meeting of the House and Senate Transportation Committees to order at 1:35 p.m. Representatives Kohring, Masek, Ogan, Scalzi, Wilson, Kapsner, and Kookesh and Senators Cowdery, Ward, Taylor, and Wilken were present.

DOT OVERVIEW BY COMMISSIONER PERKINS

Number 0357

JOE PERKINS, Commissioner, Department of Transportation & Public Facilities (DOT&PF), provided the committee with an outline of what the overview, slide presentation, would cover. Commissioner Perkins began by informing the committee of the following awards won by DOT&PF:

Barrow DOT&PF staff won the Balchen Post Award For Snow Removal at a Small Hub Airport, a national award.

The Anchorage International Airport won the Balchen Post Award for Large Airports for a second year.

The Northern Region Office won the Historic Preservation Award for work on Kuskalana Bridge.

In the state competition, Shari Howard of the Northern Regions won the Good Neighbor Award for Material Site Management involving Department of Natural Resources (DNR) lands.

John Horn and Steve Horn of the Central Region won the Anchorage Beautification Award for work at the Raspberry and Jewell Lake intersection.

The Whittier Tunnel Project has won seven prestigious state and national awards.

The Southeast Region Chilkat Bald Eagle Preserve was chosen by the American Association of State Highway and Transportation Officials (AASHTO) as one of the five Best Enhancement Projects in the United States.

The Seward Highway received All-American Road Status.

Tom Moses received AASHTO's President's Award for Highways, the highest highway engineering award in the nation.

Commissioner Perkins serves as the President of the Western Association of State Highway and Transportation Officials (WASHTO), Chairman of the AASHTO Standing Committee on Highways, and one of the two U.S. voting members on the International Road Congress.

[The department] won the 2002 AASHTO annual meeting for Anchorage.

COMMISSIONER PERKINS then turned to the customer satisfaction survey. As a part of the department's public participation program for the federal government, DOT&PF had a survey done two years ago regarding what people do and do not like. The same questions were asked this year. Some 1,212 people were contacted statewide. In 1998 51 percent of those polled felt that their area was treated fairly in transportation dollars. That percentage has risen to 59 percent. The percent satisfied with the overall condition of the roads and highways has risen from 52 percent to 69 percent. Of those who use rural airports, their overall satisfaction with the condition of those airports

rose from 68 percent to 87 percent. Of those who ride the ferries once a year, their satisfaction rose from 67 percent to 78 percent. There was an increase in the satisfaction of the condition of bicycle and walking trails, among those who use bicycle and walking trails.

COMMISSIONER PERKINS then addressed the areas of concern that the customer satisfaction survey found. He began by pointing out that only 7 percent of Alaskans have every participated in a DOT&PF planning process, which means that only 7 percent of Alaskans provide input into the highway work done by the department. Commissioner Perkins said, "And that is not good." Furthermore, only 18 percent of Alaskans have knowledge of the Statewide Transportation Improvement Plan (STIP). Moreover, only 21 percent of Alaskans were aware of the department's regional planning efforts. Commissioner Perkins said that the department views the aforementioned as problem areas for which it intends to improve.

COMMISSIONER PERKINS, in response to Senator Ward, said that he would provide the survey to those interested. Commissioner Perkins noted that the survey is also broken down by region, although that is too lengthy to review in this timeframe.

Number 0805

COMMISSIONER PERKINS continued the overview with a discussion of Alaska's highways and what has been done and what is left to do on them. He specified that the Alaska Highway basically runs from Delta Junction to the Canadian border. He said that what the department is reviewing is whether these roads are meeting National Highway standards. National Highway standards relate to whether the road has grade, width, alignment, and whether the shoulders are wide enough. With the completion of the project at Gerstle River, the Alaska Highway is up to grade and alignment. However, there will be things such as permafrost heaves and repavement that will have to be addressed as they arise.

COMMISSIONER PERKINS moved on to the Steese, Elliot, and Dalton Highways where the department has concentrated its efforts. The Dalton Highway is requiring considerable rebuild and it is being paved with high float asphalt. Within the next couple of months, a contract will go out to bid for the portion of the highway to Livengood. Close to 40 percent of the Dalton Highway will be paved within the next year. Dramatic strides are being made with the Dalton Highway due to a \$30 million appropriation

from U.S. Senator Stevens, which didn't require state matching funds. The department will continue to concentrate on the Dalton Highway in order to pave the Dalton Highway all the way to Deadhorse. Commissioner Perkins pointed out that the oil companies like the [paved roads] and thus have about 30-40 miles paved in Prudhoe. [The oil companies] are paving at a rate of about 10-12 miles of road a year. This paving eliminates a dust problem and saves the base course aggregate.

COMMISSIONER PERKINS, in response to Senator Wilken, explained that the department is working on the worst parts of the Dalton Highway first. Commissioner Perkins informed the committee that once the Dalton Highway is paved there will be less people on graders. Furthermore, after it is paved, the department can do work on the ditches and culverts; work that it's not doing now.

CHAIR COWDERY asked how big a contract was let on that.

COMMISSIONER PERKINS answered that there were about five different contracts, which were about 30 miles a contract. One contract has already been finished. Those contracts average anywhere from \$10-\$20 million a contract. In further response to Chair Cowdery, he confirmed that everything is private sector, including some of the designs. In response to Representative Ogan, Commissioner Perkins explained that the pavement being used is high float pavement, which seems to be so flexible that not many cracks occur and thus it doesn't seem necessary to crack seal. He pointed out that most of the Canadian roads are paved with high float pavement.

Number 1115

COMMISSIONER PERKINS turned to the Parks Highway, which is up to grade all the way to Fairbanks, excluding a piece to Willow. Within the next two weeks, a \$20 million section from White Crossing to the Susitna River will be put out and under construction this year. Then the work will gradually move north. He informed the committee that the first section of the Glenn Highway into Wasilla has been expanded to four lanes. Next year a second section will be done to expand the road to four lanes and create some interchanges. Therefore, there will continue to be much work on the Parks Highway in the Wasilla area. Additionally, the department received \$50 million in federal funds, with no match required, for the intersection of the Glenn and Parks Highways. Commissioner Perkins announced his intention to have that design-construct project started next

summer. He noted that the railroad crossing on the Glenn Highway will be eliminated.

COMMISSIONER PERKINS said that some rehabilitation work will be done up north. Outside of Fairbanks there is a terrible problem where the miner dug a hole that has resulted in deep cracks. Some stabilization of that will be attempted this summer. The concern is that if the road isn't stabilized, then the road will be lost to this mining pit. Although one solution may be filling the entire hole, the underlying permafrost will have been disturbed, which will be expensive to keep fixed for the next 10-15 years.

COMMISSIONER PERKINS turned attention to the Glenn Highway, which is the main line for Anchorage north. Many projects have been done at Peanuckle Hill (ph). He informed the committee that from Gunsight Mountain to Glennallen, the road is up to standard. Between Anchorage and Palmer the road is in good shape. However, from Palmer towards Sutton there is the Moose Creek section that needs work. Furthermore, the Caribou Creek project, a \$40 million project, will be out for bid this August or September. The Caribou Creek project will deal with the worst bridge in the state. He clarified that the department is within four contracts of having the Glenn Highway finished after awarding Caribou Creek. The last project will be the Long Lake project.

Number 1468

COMMISSIONER PERKINS moved on to the Haines Highway. The portion of the highway from Haines to the border needs shoulder work, which is less of a priority. However, there were two major contracts in Haines one of which was completed last year. He mentioned that on the road to the Haines ferry terminal there is a large rock that the department is trying to determine how best to deal with. The possibility of blasting is limited because there is a subdivision on the top of the hill. Although the road is not in bad shape, it will have to be reconstructed to [meet National Highway standards].

COMMISSIONER PERKINS turned to the Richardson Highway. Much effort has been put forth from Valdez to Glennallen, which is practically finished. From Glennallen to Big Delta is the department's last priority as far as National Highway System (NHS) routes. Once more of the NHS projects are finished, more work will be concentrated on the Richardson Highway. This year there will be a project that repairs the stretch between

Glennallen and Gulkana, a \$6-\$7 million job. Although a piece by Paxton is finished, there is a bad portion from Sourdough to Paxton. This area is problematic because the permafrost sits at about 31.5 degrees.

COMMISSIONER PERKINS continued with one of the roads that it is really proud of, the Seward Highway. The road is "up to snuff" from Anchorage down where the Sterling Highway goes into the peninsula. There is a 0-8 mile portion in Seward that will be built next year. There are about three contracts left for the Seward Highway to be completed. However, the department is reviewing adding a third passing lane between Anchorage and Girdwood. This road probably has one of the highest traffic volumes in the Anchorage area. Commissioner Perkins projected that something would be up for construction on that road in about three years.

COMMISSIONER PERKINS moved on to the Sterling Highway and the Kenai Spur Highway. This last year, the piece of the Sterling Highway by Cooper Landing was finished. However, the portion through Cooper Landing is not done and will be a large job. For this portion the options are to keep the road where it is and have seven crossings, bridges, over the Kenai River or to move the road up the hill where there will be no crossings. Currently, the department is in the middle of an Environmental Impact Statement (EIS) and so far the choice has been to move the road up the hill so that it doesn't cross the Kenai River. Commissioner Perkins projected that this project would be a \$50 million project that is probably four to five years from being started. The remainder of the road to Homer is complete. The Kenai Spur Highway from Kenai to Nikiski needs work and there is a project for that.

Number 1680

REPRESENTATIVE OGAN asked if the road through Cooper Landing is moved up the hill, would the road with the seven crossings remain.

COMMISSIONER PERKINS replied yes and specified that it would merely be a local service road.

REPRESENTATIVE OGAN inquired as to the driving decision to move the road to the hill.

COMMISSIONER PERKINS explained that the concern is [the possibility of] a fuel tanker going into the Kenai River. He

charged that it is only a matter of time before such happens. In response to Senator Ward, Commissioner Perkins said that archeology is also playing a role in this decision because Native Alaskans live in the valley next to the stream where the road exists. In further response to Senator Ward, Commissioner Perkins wasn't sure of the cost difference between the \$50 million and upgrading the existing the road. He noted that the EIS is still being worked on and there will be public hearings on this. Commissioner Perkins pointed out that a 55 mph route cannot be built through a town.

SENATOR WARD said, "We'll have to look at it from a public policy of whether it makes any sense or not. Just because you thought of it, that doesn't necessarily mean we want to spend \$50 million to avoid somebody going 10 miles an hour less."

COMMISSIONER PERKINS remarked that those are decisions that are made on any road and there is a public process. Furthermore, one must think about 20 years into the future.

SENATOR WARD commented [on the need to consider] that 10 miles an hour less would save \$50 million. Senator Ward inquired as to the timeframe for the completion of the Nikiski extension that is proposed.

COMMISSIONER PERKINS estimated that it would be about three or four years out before it's done.

SENATOR WARD recalled that the contract went out this summer to be completed in October.

COMMISSIONER PERKINS said that he wasn't sure and thus he offered to check on that. However, Commissioner Perkins related his belief that the Nikiski extension is a two-part project in which the road will be rehabilitated and then there will be a big job.

TOM [BRIGHAM], Director, Division of Statewide Planning, Department of Transportation & Public Facilities, related his understanding that the "near" part of the Nikiski extension should be completed fairly soon, but the portion farther out will be completed in two to three years.

COMMISSIONER PERKINS continued with the Tok cutoff and informed the committee that there are two project left to do at the Tok cutoff. The Chistochina section will be under contract this year and the other section is four to five years out. He

remarked that the Tok cutoff is the worst road in the state, an enormous amount of money is spent to keep this road level and smooth. However, he felt that currently the road is in the best shape it has been in many years. Currently, there is a maintenance program that grinds up all the hot mix asphalt and replaces it with chip seals and high float [pavement], which he believes is working well.

Number 1846

COMMISSIONER PERKINS turned to railroad crossings. He informed the committee that it has been a departmental priority to eliminate at grade railroad crossings on the National Highway System. Slides illustrating those railroad crossings left to do on the Parks Highway, and Seward Highway were shown. In response to Representative Wilson, Commissioner Perkins explained that at grade railroad crossings are those crossings where the railroad and the road cross. A grade separated railroad crossing has either the road or the railroad crossing elevated and thus there is no intersection between the two. He pointed out that the desire to eliminate at grade railroad crossings is a national program.

COMMISSIONER PERKINS then addressed the gravel paving program in the Central Region. In 1998 there were 377 centerline miles of gravel roads. That has been reduced to 234 centerline miles of gravel roads. Therefore, about 140 miles of gravel roads have been paved in the Central Region. Many of those roads were in the Mat-Su and the Kenai. In response to Senator Ward, Commissioner Perkins said that he could provide a list of the roads paved in the Kenai. He specified that the road going to the state park on the Kenai River was paved. In response to Senator Taylor, Commissioner Perkins confirmed that the Funny River road had been paved. In response to Chair Cowdery, Commissioner Perkins said that he is including the whole Kenai peninsula. Commissioner Perkins clarified that the department is not paving anything that isn't a state highway.

COMMISSIONER PERKINS moved on to the gravel roads in the Northern Region where there were 1,988 gravel roads in 1998. Although the number of gravel roads in the Northern Region has been reduced by about 135, much work remains. Of the 1,858 miles of gravel road left, there is about 400-500 miles of road that will never be paved. He explained that these are basically mining roads that receive almost no traffic. These roads are usually graded once a year.

COMMISSIONER PERKINS continued with the gravel roads in the Southeast Region. The total number of gravel roads in the Southeast Region in 1998 was 109, which has been reduced to about 99 roads. He related his belief that Juneau and Wrangell are complete. As far as the state highways are concerned, Southeast is close to being paved.

COMMISSIONER PERKINS then turned his attention to rural airports. He informed the committee that last year an AIR-21 passed, which about doubles [DOT&PF's] program for the Federal Aviation Administration (FAA) for the upcoming year. By the time all the discretionary funds from the FAA are received, he estimated that [the state] will receive \$140-\$150 million. This increase will allow the department to do more with the aviation program. Commissioner Perkins then reviewed slides that highlighted the following: airports that were standard, those airports that met minimum requirements, before 1995; airports that became standard between 1995 and 2000, and airports that the department is planning to bring up to standard between 2001 and 2006. He explained that the [airport improvement] program calls for additional lighting at many of the runways, which amounts to about \$100 million. There are also many airports that need to be lengthened; the goal is to lengthen all airports to 33 feet.

COMMISSIONER PERKINS moved on to the DOT Area Plans. He explained that the regional transportation plans look at 5-20 year horizons and review the policies and projects while also reviewing all modes [of transportation]. The plan is driven by problems and needs. The regional transportation plan analyzes the tradeoffs and impacts of investment choices, identifies financing options for the region, [encourages] community participation, and [determines] where to best make major transportation investments. Southeast's plan is complete and in the implementation stage. The Prince William Sound/Copper River and the Yukon-Kuskokwim plans are in draft and the Southwest plan is almost in draft. The Northwest-Arctic plan, a large plan, has just been started and probably will need a year before finalization.

COMMISSIONER PERKINS focused on the Copper River plan. He emphasized that this plan is still in the public process and thus could change. Basically, the Copper River plan [found] that the Copper River Highway is economically less viable than an improved ferry system. The Copper River plan also found that more airport planning should be done and that runway lengths will have to be reviewed. With regard to the ferries, [the plan

suggests] two high-speed ferries; one would run in the winter and two would run in the summer. The M/V Tustumena would no longer call in Prince William Sound but would transfer over to run Kodiak and the chain. Under the Copper River plan, the M/V Bartlett would be retired entirely. Commissioner Perkins explained that the high-speed ferries would run clockwise from Valdez to Whittier to Cordova five days a week, year round. That ferry's home port would be in Cordova. The second high-speed ferry would work only in the summer as a back up for the traffic requirements between Whittier and Valdez. That ferry would run ten roundtrips weekly and could fill in for other ferries requiring maintenance. Commissioner Perkins reiterated that this plan is in draft and thus there are still many public comments to come. The [year round] high-speed ferry is scheduled for a federal transit grant and the funding for the other high-speed ferry looks to be secured. Therefore, after the first high-speed ferry for Southeast is purchased, then the second vessel would be for Southcentral.

COMMISSIONER PERKINS continued with the Southwest Alaska plan. This plan, too, looked at aviation as a large portion of the plan. Furthermore, this plan emphasized port development and roadway intermodal connections, specifically in Williamsport and Chigniks with port improvements in Homer. He pointed out that the Tustumena, a full oceangoing vessel, would play a larger role in Southwest Alaska. He identified the following road projects in Southwest Alaska: Naknek-S. Naknek road, Iliamna-Nondalton road, and the Williamsport-Pile Bay road. Commissioner Perkins remarked that the state has done a poor job in choosing road corridors that would attempt to preserve wilderness designations.

TAPE 01-7, SIDE B

COMMISSIONER PERKINS [pointed out that] the Chigniks/Port Heiden corridor, Cook Inlet/Bristol Bay corridor, and the Iliamna/Dillingham corridor [have the greatest potential for the Alaska Peninsula Highway]. He explained that the [Southwest Alaska plan] will identify these corridors and if people propose wilderness areas, then [the department] wants to make sure that the road corridor is in those selections. A slide was shown that illustrated the selected road links. The Iliamna-Nondalton road is one of the better projects in the state because it only needs about a mile of road and a bridge to connect those two communities, which could, theoretically, use the same high school and medical facilities and the same airport. The Aleknagik bridge is a project that would connect Aleknagik

Village with Dillingham. Further out in the plan is the Chignik Intertie road.

Number 2299

COMMISSIONER PERKINS turned to the Yukon-Kuskokwim Delta plan that is in draft. Although this plan basically looks at airports, there are some recommended roads such as the Ruby-Forman(ph) road system is recommended to be upgraded. There doesn't seem to be a way to interconnect those roads. In regard to airfields, the department developed a new way to analyze airfields. The question for the future is: What kind of airplanes will be flying on these airfields in 10-20 years? [The answer] is to look at what is new in the Lower 48 right now because Alaska is a user of used airplanes, particularly in the Bush. The hope is to turn out the Yukon-Kuskokwim Delta plan, including all the priorities for the airports and recommendations for links of airports, on March 30. The final plan [proposes] to have 3,300-foot runways. However, some hubs that would need 4,000-foot runways have been identified based on how bypass mail and goods and services are transferred throughout the delta.

COMMISSIONER PERKINS informed the committee that the department is also looking at marking winter trails. The department already has done about three years of this, particularly in Northwest Alaska. He explained that tripod markers are installed for those lost in blizzards between villages. The department hopes to mark about 1,000 miles of trail over the next five to eight years. However, the problem is that bears love to rub on the trail markers and thus the tripod marker has been utilized to withstand the bear rubbing. Commissioner Perkins remarked that these markers are absolutely critical in the winter.

COMMISSIONER PERKINS, in response to Representative Ogan, explained that these tripod markers are made of wood and stand about ten feet. He pointed out that the land in Northwest Alaska is problematic because in the winter it is all white, there are no distinguishing features.

Number 2146

COMMISSIONER PERKINS continued with the Yukon-Kuskokwim Delta plan, which is evaluating a sub-regional port as well as mooring structures and gravel landing pads [for river barge operations]. Furthermore, the department is also reviewing other methods of

construction, such as one that would utilize sand cement and other [local] materials. Commissioner Perkins explained that in the Yukon-Kuskokwim Delta there are wetlands, permafrost [soils], and there is a lack of gravel. Therefore, the expense of road construction in the Yukon-Kuskokwim Delta precludes the area from being connected to anyone. In his opinion, the Yukon-Kuskokwim Delta will be dependent upon air transportation for a long time, especially for the summer months.

REPRESENTATIVE OGAN related his understanding that in Bethel the gravel is barged up river because there is no gravel in Bethel.

COMMISSIONER PERKINS agreed and interjected that since there is no gravel in Bethel, the department is looking at utilizing a sand cement, if it works. Using sand cement versus using gravel would save a lot of money.

Number 2103

SENATOR TAYLOR expressed his fascination with Commissioner Perkins' opinion that people in the Yuko-Kuskokwim Delta will remain dependent upon air transportation 10-15 years in the future. Senator Taylor remarked, "Apparently, that's not just an opinion, that's a policy decision made by the way you and your department are implementing the STIP. Can you tell us why you have now rejected -- for years, there's been concepts of developing a rail line out into that region, and roads that would interconnect." Senator Taylor further remarked that most people don't realize that the legislature has no control over the STIP because it is controlled by the department. Senator Taylor said, "I'm curious as to the policy decision made, and by whom it was made, to not even include in the planning process anything for these people to ever have any type of hard link, that they'll always be relying on some charter plane to come in and get them."

COMMISSIONER PERKINS clarified that he has been discussing the Yukon-Kuskokwim Delta, where he knew of no plan to connect Bethel or the area villages to the road system. However, Northwest Alaska is a different situation, which he will address now.

REPRESENTATIVE KAPSNER interjected that Representative Rokeberg has legislation to establish a task force to develop more roads throughout the state. Although Bethel was on the list of [STIP] projects, Bethel doesn't really have the industry to support such a system now. However, she did note that she would like to

see a road from Bethel to the (indisc.) Creek area because there is the industry to support that. Representative Kapsner pointed that Dillingham has a road in which 11 spots have road fabric showing. "We are not even maintaining the roads that we have now," she charged.

SENATOR TAYLOR remarked, "That's because, if you've just listened to the commissioner, he's told us about between four and six hundred million dollars that have gone into improving the highway in the Railbelt."

SENATOR WARD recalled that in the 1970s there was legislation to put a road into Bethel.

REPRESENTATIVE KAPSNER reiterated that she didn't know how that would be possible.

COMMISSIONER PERKINS reiterated that he knows of no plans to connect Bethel and the Yukon-Kuskokwim Delta area. There are no natural resources in that area save the fishing industry, which is about it.

REPRESENTATIVE KAPSNER highlighted the fact that in the winter the frozen river is plowed [and used for travel]. However, this year the river didn't even freeze until after January.

COMMISSIONER PERKINS informed the committee that the department did review a road from Bethel to Napakiak. That road would be eight miles long and would cost about \$35 million. Therefore, when you review roads to villages that are 50-60 miles or more, it will be a long time before roads are in the Yukon-Kuskokwim Delta other than Ruby port.

REPRESENTATIVE KAPSNER remarked that last year she couldn't get the road to Tundra Ridge, which is a mile out of town, paved. That road has residents with children that are severely asthmatic along with a senior [center] home. The area has silt, which gets into people's lungs and creates respiratory problems. She pointed out that she couldn't even obtain planning money for that road.

SENATOR TAYLOR clarified that he was discussing the Northwest area.

Number 1905

COMMISSIONER PERKINS turned to the Northwest Planning Area, which he saw as an area that holds much of the future for the state. He informed the committee that the department is about six months into the Northwest Area plan. There is an advisory committee and a consultant has been selected to perform the resource transportation analysis. There have been three major meetings with the North Slope Borough and the Northwest Arctic Borough. Commissioner Perkins explained that this study is going to be performed in two pieces. The following are the two major concerns for the area: the inter-region transportation and the transportation out of the region. The department itself is reviewing the inter-regional planning and thus reviewing the airport needs, commodity flows, and inter-village roads. Additionally, the consultant team is preparing and collecting all the base data for the mineral and oil/gas locations, port sites, road or rail corridors, location and phasing in order to best take advantage of multiple opportunities and public-private investment opportunities. Commissioner Perkins then returned to the slide of the Northwest map and pointed out an area that has the largest deposits of the highest grade of coal in the world; there are too many mineral opportunities to discuss. The desire is to attempt to [include] all of these and determine what it would currently cost to put in a transportation system to move those materials. He pointed out that the Red Dog Mine has a 50-mile road that only goes from the mine to the port, where ships can enter only three or four months of the year. Furthermore, the ships have to park out about five miles from shore. Commissioner Perkins explained that the concentrate is hauled from the Red Dog Mine down a road that has limitations with regard to how many times it can be used per day due to the dust requirements for the national park that it goes through. The concentrate is then stored in large buildings until the ships arrive. When the ship arrives, the concentrate is placed in a barge that moves to the ship, where it is loaded. Commissioner Perkins estimated that probably 60 percent of their costs involve transportation. Therefore, the study will review the potential of hooking the mine up or developing a different port site; all alternatives will be reviewed for moving all operations, including coal access and the minerals around Nome. The study [should be complete] in about another year. He commented that for this to work, all of the people in the area will have to be [in support] of what is recommended.

COMMISSIONER PERKINS explained that this study will [develop] projects, one of which will be how to access the mineral resources that this area has to access. He reiterated that this area is probably the greatest storehouse that Alaska has.

Commissioner Perkins said, "Without this study, you don't know what to build up there." Commissioner Perkins noted that the department is requesting \$147.9 million in bonding for the airport because the airlines would rather fund this with bonds over cash funds. This is a question of how the users of the airport pay for the improvements made to the airports. He commented, "They pay for all of them; we pay for none of them." He hoped that the legislation would make it through because it would allow incentives to the airlines in the form of staggered payments.

SENATOR WARD turned to the [Anchorage International Airport] and the situation in which Alaska Airlines relocates due to a change in the terminal. Is the cost of relocation part of the original fee?

COMMISSIONER PERKINS answered that the cost to relocate the airlines has been borne by the airlines.

SENATOR WARD asked if that cost has been calculated in the airlines calculations of the project.

COMMISSIONER PERKINS said that it's not in the total project money because it's a cost of doing business to the airline, it's not a cost to the state.

SENATOR WARD recalled some news articles regarding the airport project storing steel and experiencing cost overruns and delay of projects. He also recalled that the last time the deputy commissioner was present he said that Errors and Omission Insurance would take care of that. He asked if the state first has to sue the contractor before the Errors and Omission Insurance begins.

Number 1582

COMMISSIONER PERKINS explained that when [the Anchorage International Airport project] began, the [department] purchased insurance for everyone rather than require every individual engineer and contractor to have insurance. By doing so, a considerable amount of money was saved. He noted that such is quite common on a large project. Included in the insurance package was \$10 million of Errors and Omissions Insurance. Basically, Errors and Omissions Insurance covers if an engineer makes a error that causes delay or increases costs, then that can be charged against that engineer. At the Anchorage Airport, there is a designer that did the structural design. In the

process of getting the building permit, the Municipality of Anchorage (MOA) questioned the adequacy of the structural design from an earthquake perspective, which returns [the process] to a structural model that has been nationally developed. That process took about six months and incurred costs. Commissioner Perkins pointed out that when the contract was awarded for the building, only the portion for the foundation was awarded, not the entire building. Furthermore, the steel had to be purchased early, which is fairly normal. That purchase was done based on the early drawings, which MOA has questioned as well as the steel and the foundations. Commissioner Perkins said that some of the foundations are poured and are alright. However, some of the foundations were unfinished and thus the foundation contractor is being delayed. Furthermore, some of the steel may have to be modified. [The steel] cannot be put up because MOA won't give a building permit. Therefore, [the department] is paying rent. Commissioner Perkins informed the committee that the cost incurred between the foundation contractor and rehab for the steel will be \$5-\$10 million. He said, "We will say that that is covered by Errors and Omissions Insurance, we're going to say that was a mistake -- assuming that this is the way it comes out ... of the design firm." Then there would be a request from the insurance company for the money. The insurance company will probably reject that and thus the department will probably have to litigate to get the money back.

SENATOR WARD asked who does the State of Alaska have to sue under that policy in order to recover the \$10 million.

COMMISSIONER PERKINS replied, "The insurance company."

SENATOR WARD further asked, "Who is the insurance company going to request the state to sue before they pay that?"

COMMISSIONER PERKINS answered, "No one." He likened [the Errors and Omissions Insurance] to a bond.

SENATOR WARD related his understanding that the \$10 million would be paid out of the Errors and Omissions policy and no one would be liable for that. He asked if that would be correct.

COMMISSIONER PERKINS said that he was sure there would be all kinds of third party suits. He specified that the third party would be the designer. He indicated agreement with Senator Ward that the state or the insurance company will have to sue the designer in order to try to recover the \$10 million.

CHAIR COWDERY asked if the designer has enough money to absorb a \$10 million hit.

COMMISSIONER PERKINS said that he didn't know. However, there is enough money in the insurance company where the state would seek reimbursement.

SENATOR WARD asked if the designer is still on the job.

COMMISSIONER PERKINS replied, "Yes." He explained that if the designer was taken off the job it would probably result in a two-year delay. In further response to Senator Ward, Commissioner Perkins said that the original design was supposedly designed to withstand a 6.0 earthquake. He informed the committee that the problem for the project is that there may be a cash flow problem because receipt of the \$10 million may be delayed for two to three years.

SENATOR WARD pointed out that there would also be a lack of revenue due to the delay in the project. He asked if that cost would be entered in the Errors and Omissions Insurance.

COMMISSIONER PERKINS said that it could be because it is an impact cost.

COMMISSIONER PERKINS continued his slide presentation. He turned to the subject of GARVEE (Grant Anticipation Revenue Vehicles) bonds. He informed the committee that the department proposed GARVEE bonds last year because there is about \$7.5 billion on the statewide transportation needs list. Commissioner Perkins related his belief that the state has a lot of catching up to do due to a lack of infrastructure. Furthermore, he is concerned with the growing urban congestion as the [Mat-Su] Valley grows. He pointed out that there are many large projects that are necessary in Anchorage. If these programs are funded in one year, it will disrupt the entire program. Commissioner Perkins then reviewed the advantages to GARVEE bonds, which [accelerate projects] by leveraging future federal reimbursements. Also, the interest earnings can serve as a match because the entire bond will not be spent up-front; there would be more than enough to pay for the state match. Therefore, federal funds would be used to generate \$450-\$50 million of matching funds to replace general fund (GF) funds.

CHAIR COWDERY addressed the ability to leverage future federal funds. He related his understanding that this administration

would want to spend money that future generations may not have the access to.

COMMISSIONER PERKINS agreed that could be said. However, he explained that Alaska and about 30 other states are saying that "we would sacrifice about 10 percent of our program for the payment, for the next 15 years to be able to do all these big projects right now. Other states are doing this." Commissioner Perkins likened the decision on this to purchasing a car and deciding whether to cash fund it or do time payments. If one waits until he/she accumulates enough cash, that person may end up waiting five years to purchase the car.

Number 1091

SENATOR WARD said, "I agree. And that's assuming everybody wants the kind of car that the administration is anticipating buying." He asked if the [department] had received a letter saying the interest earnings from the sales of the bonds can be used for the match.

DENNIS POSHARD, Legislative Liaison/Special Assistant, Office of the Commissioner, Department of Transportation & Public Facilities, clarified that there is no letter to that effect. However, he provided the committee with a copy of the FHWA's Innovative Finance Quarterly, which includes some question and answers regarding GARVEE bonds. The newsletter addresses the following question: "Can interest earned on bond proceeds serve as match?" The answer to that question is "Yes, interest earned on bond proceeds is considered eligible as non-federal match." Mr. Poshard clarified that this was the answer given by the FHWA's Innovative Finance Quarterly newsletter.

SENATOR WARD requested that the committee request that the commissioner obtain specific language saying the aforementioned would be allowed because this is a major component.

COMMISSIONER PERKINS said that "we" would do that. He pointed out that [the state] will receive interest on this money no matter what. In his opinion, the interest could be used on whatever you want.

SENATOR WARD pointed out that he has been requesting this letter since last summer. He commented that he wasn't sure that a newsletter would withstand legal [actions] that may be necessary.

COMMISSIONER PERKINS related his belief that it's a good deal for the state, particularly because it balances out the program in that the department would know how much the program would be tapped for each project. He pointed out that this was not done for the Whittier tunnel and \$80 million had to be funded in one year, which shorts the rest of the state. Commissioner Perkins said that the projects that will be provided will be built, it is a matter of when and how big.

Number 0940

REPRESENTATIVE WILSON inquired as to how much more it would cost if the bonding route is not taken.

COMMISSIONER PERKINS answered that it would increase at the rate of inflation. There would be a sizable increase.

COMMISSIONER PERKINS continued with his presentation. He turned to the congressional mandate of a .08 BAC (blood alcohol concentration) limit for driving while intoxicated. If the state doesn't have a law passed by 2004, the state will lose \$3.6 million and will continue to lose money over time. That concluded the slide presentation and Commissioner Perkins offered to answer questions.

Number 0787

CHAIR COWDERY related his understanding that there was going to be some activity on the Willilow-Hatcher Pass road. He inquired as to the department's plan for that road.

COMMISSIONER PERKINS explained that the road will be redone and paved from the Little Susitna River up to Motherlode (ph). He remarked that this would be a fairly good-sized job. From Motherlode to Independence Mine will also be paved. From Independence Mine there is six miles that goes over the mountain past a storage area, which is a \$12 million project. Although no one lives on that stretch, there is a bed and breakfast at the end of the stretch that leads on to Willow. From the bed and breakfast to the pavement is gravel, which will be paved next summer -- gravel to black. Therefore, there will be a paved road to Hatcher Pass, save the six miles in the center. That six miles will not be paved because there is nothing there, "it's horrible." Commissioner Perkins explained, "The Hatcher Pass road is on the state highway system and that project will move along. And when we do a project, you're going to have a paved road which is extremely important to me in that this is

the bypass for the Parks Highway." When the fire happened, one couldn't get from Anchorage to Fairbanks without using the Hatcher Pass road.

COMMISSIONER PERKINS, in response to Chair Cowdery, clarified that the proposed \$3.5 million project for St. Mary is about a three or four mile stretch. That project will be done this year under DOT&PF supervision. He acknowledged that force account could probably be spread from the village doing the road itself to DOT&PF doing it. He explained that the department will provide the people to manage the project as well as procure the equipment. Those working on the project will be on the DOT&PF payroll and thus will be state employees. In further response to Chair Cowdery, Commissioner Perkins said that the department will pay these employees the prevailing wage for Local 71, which is not Davis-Bacon [wages].

SENATOR WARD returned to the .08 BAC limit and recalled that President Clinton had said that it would save 500 lives. He requested that the department report to the committees any information regarding whether such a change would save 500 lives.

SENATOR WARD then recalled a joint meeting during which the deputy commissioner discussed the STIP and the [requirement for] involvement from the community. At that time, Senator Ward inquired as to the location of the local document requesting the Tony Knowles Coastal Trail extension in Anchorage. Senator Ward recalled that the deputy commissioner had said he thought that the municipality had requested the extension three or four years ago. However, upon his research, Senator Ward could only find information that specifically opposed that route. Senator Ward expressed interest in documentation regarding how that extension was requested and done.

COMMISSIONER PERKINS said that research would have to look at the Anchorage Metropolitan Area Transportation Study (AMATS), which is not necessarily controlled by DOT&PF. Commissioner Perkins emphasized that everything constructed in Anchorage must go through AMATS, which is a federal law. This group, AMATS, is composed of one DOT&PF representative, one Department of Environmental Conservation (DEC) representative, two Anchorage Assembly members, and the Mayor of Anchorage. Commissioner Perkins said that the [Tony Knowles Trail extension] was an AMATS project, which came from the city.

SENATOR WARD requested that Commissioner Perkins find the documentation that requested the extension and present it to the chairs of the House and Senate Transportation Committees.

Number 0406

SENATOR TAYLOR recalled that Commissioner Perkins just discussed \$7.5 billion that the department wanted in order to obtain access for purposes of major infrastructure across the state. There was discussion of using GARVEE bonds to achieve that. However, Senator Taylor expressed concern with his understanding that the department has a significant amount of money that was appropriated and authorized by the legislature for various projects over the last several years that is still there. Therefore, Senator Taylor inquired as to the approximate total of projects funded by the legislature, but not yet bid out by DOT&PF.

COMMISSIONER PERKINS said that he didn't have that number. He highlighted the fact that years ago there was a \$2 billion difference, which some thought was real money. However, "it's an authorization versus the money," he said.

SENATOR TAYLOR interjected, "The legislature had foolishly thought that when they passed the budget and passed a bill that had a project that they had worked their heart out to get in there, was at some time going to be done." However, after years of nothing being done, the legislature found out that there was \$2 billion of projects that had not been built and would probably never be built. That was referred to as the DOT Cleanup. Senator Taylor asked, "How much is hanging out there today because we haven't done a DOT Cleanup for some time."

COMMISSIONER PERKINS replied that he would provide that number [to the committees]. He commented that "we are in halfway decent shape." However, he pointed out that the department has to go through quite a procedure to close these out with the FHWA and the FAA, which has led to much time being spent on project closeouts. Commissioner Perkins informed the committees that in the last few years the legislature has not added many projects that the department has not done. However, the department has received demonstration money from Congress, which the legislature has authorized but the department has yet to spend. For instance, there is a \$2.5 million appropriation for the West Douglas Highway. The legislature has authorized the department to give the money to Juneau, but Juneau hasn't come up with a project. There is a similar case in Kenai with the Kenai Spur

Highway. Therefore, there will be chunks of money, demonstration money, that the department hasn't spent. He noted that the Mat-Su Borough has received [demonstration] money to complete a dock project. However, the rest of the projects are waiting on the area that requested the money. He remarked, "There's a few of them out there."

Number 0078

SENATOR TAYLOR clarified that he is referring to the amount funded, authorized, by the legislature. Senator Taylor maintained that there is a significant backlog of work available for DOT&PF now. Even without a capital budget this year, he charged that DOT&PF engineers would have a difficult time catching up. Senator Taylor stressed, "In other words, we can throw more money at you, but you're not going to get any more work on the street beyond what we've already authorized, for some time." If that is the case, then Transportation committee members need to know that as well as the members of the Finance committees. Senator Taylor said, "Do you have more funding and projects laid out than you've got engineers and right-of-way people and the rest of it to put together? And if that's the case, why in the world would we ever want to throw another \$7.5 billion at [the department] through GARVEE bonds, in the hopes that you might be able to come up with something ... in another two, three years."

COMMISSIONER PERKINS agreed to provide that information and offered to come back and discuss that further. He clarified that the GARVEE bonds would only be about \$200-\$300 million. He said, "The measurement of DOT ..."

TAPE 01-8, SIDE A [House TRA tape]

COMMISSIONER PERKINS continued, "earned back one thin dime to the federal government, even though the program has doubled." Commissioner Perkins informed the committee that the engineers are producing double the amount of projects that [the department] was three years ago without an increase in the number of personnel in the department. The department is about 50 engineers short. He indicated that civil engineers can go anywhere in the state and work now. Commissioner Perkins said, "Our measurement is how much money did we turn back to the feds because the only way you commit money is to put it out on contracts."

SENATOR TAYLOR expressed interest in the fact that the department is interested in preserving corridors of access in the Alaska peninsula. Senator Taylor recalled meeting Commissioner Perkins the first time six years ago when John Scribner was leaving. After Mr. Scribner being unable to name any roads that DOT&PF had built in Senator Taylor's district in the last 20 years, Commissioner Perkins promised him action. At the time, Senator Taylor requested that the 1.5 miles of road to connect Kake with Petersburg be built while securing a corridor of access across Cleveland Peninsula so that the towns of Wrangell, Petersburg, and Ketchikan could be interconnected. Senator Taylor asked Commissioner Perkins to report how hard he is fighting for those corridors of access in his district and what roads have been built.

Number 0263

COMMISSIONER PERKINS clarified that the road to which Senator Taylor is referring is a little longer than 1.5 miles. Furthermore, it is U.S. Forest Service land. The U.S. Forest Service has a plan to link it up and put that [road] in. There is no way that [the department] can get around the U.S. Forest Service here because the connecting roads are not state highways. "So, we're going to have to assume the whole system if we do that. Now, I would like to assume the whole system, but with the cutting of our DOT operating budget over the last five years, I don't take any new roads," he explained. Commissioner Perkins stressed that he can't afford to maintain the roads that he already has. However, Commissioner Perkins agreed that the road between Kake and Petersburg needs to be built. With regard to the Cleveland Peninsula, Commissioner Perkins related his belief that a transportation corridor had been reserved for that area. However, [the department] elected not to build it during this stage of the Southeast plan.

SENATOR TAYLOR inquired as to how that was done. He asked whether the department notified the U.S. Forest Service, attempted to make a state land selection, or was there a right-of-way request from the U.S. Forest Service.

COMMISSIONER PERKINS used the Juneau Access road as an example of keeping a right-of-way. He explained that [the department/state] has the right to go through there, but under the Tongass Land Management Plan (TLMP) there was a section of old growth forest that crossed "our" right-of-way and that was taken out. There are people watching the U.S. Forest Service

plans and the department is doing its best to reserve these right-of-ways wherever possible.

COMMISSIONER PERKINS said that he would [prefer] to take over more roads and provide better service, but it isn't affordable until something is done with the department's operating budget. Currently, the department is using \$20 million of federal money to pay for state maintenance, which is why he can say that the roads are in good shape. Commissioner Perkins reiterated that [the department] can't afford to take over new roads. He also reiterated that he has not accepted a new road in six years "and I don't intend to as long as my budget stays where it is for road maintenance," he said.

Number 0538

SENATOR TAYLOR remarked, "And that would include the three miles or three-and-a-half miles to extend the Juneau road out to Cascade Point so that your ferry would finally be able to make two roundtrips a day up to Haines, Skagway instead of one." He said that Goldbelt has been begging for that, and furthermore he believes that the authorization to use the federal money is there. However, this administration continues to fight a road that would provide twice the access out of Juneau daily, on an existing ferry. Senator Taylor said that he wasn't sure why that road hadn't been built.

COMMISSIONER PERKINS answered that the primary reason that road hasn't been built is because the M/V Malaspina isn't full.

SENATOR TAYLOR stressed that the M/V Malaspina runs 30 additional miles each way because the road hasn't been built.

COMMISSIONER PERKINS reiterated that the M/V Malaspina isn't full.

SENATOR TAYLOR remarked that perhaps a shorter, regular run would fill up the vessel.

COMMISSIONER PERKINS said, "You're talking about [a] \$15 million or \$20 million gamble. You're talking about taking people 40 miles out the road where there are no facilities. At Auke Bay we have facilities." He pointed out that all the facilities at Auke Bay would have to be duplicated at Cascade Point, which is quite a bit of money. Commissioner Perkins related his belief that with the lack of ridership on the M/V Malaspina, he didn't believe that would be a good investment.

SENATOR TAYLOR related his understanding that there is no place in Southeast Alaska where the department intends to build a new road to interconnect the communities.

COMMISSIONER PERKINS agreed.

SENATOR TAYLOR expressed his frustration in listening to Commissioner Perkins' presentations over the last six years and his concern about interconnecting people on the Alaska Peninsula. He surmised that Commissioner Perkins doesn't want to connect those in Southeast Alaska.

COMMISSIONER PERKINS said, "Well, Senator, that's easy to say, but when you get into the details of it, it's pretty doggone hard to do."

Number 0654

SENATOR TAYLOR remarked that [the department] hasn't had any trouble spending \$600-\$700 million in the Railbelt to make sure that those in the [Mat-Su] Valley have a quicker and easier commute to and from Anchorage. Senator Taylor pondered how fast the Mat-Su Valley would have grown had the connecting road operated a toll road once a week. Senator Taylor related his belief that the money spent on the four lane highway significantly impacted the growth in the Mat-Su Valley. Therefore, he felt that decent transportation in the state would be significant for the growth of other communities in the state. Senator Taylor expressed frustration with the lack of roads built by the department during Commissioner Perkins' leadership. He said, "I am really thankful, Joe, that the U.S. Army didn't have people like you worrying about how long the study was going to take before they decided to build a road to Alaska or I'll guarantee you we'd still be studying it 50 years later and the Japanese would control the northern end of this state."

COMMISSIONER PERKINS said that he took personal offense to that statement because he spent 22 years in the U.S. Army, including two tours in Vietnam. He said, "To compare my actions to the U.S. Army is a very unfair comparison."

SENATOR TAYLOR pointed out that it took the U.S. Army six months to build the ALCAN Highway, while Commissioner Perkins is still studying the Southeast plan.

COMMISSIONER PERKINS said that there aren't many roads in Southeast that are very justifiable when one looks at spending \$30-\$100 million for 200-300 people.

Number 0797

SENATOR TAYLOR recommended that Commissioner Perkins read a document that was the cost-benefit analysis for the Bradfield Road, for which the department has had funding for several years; funding that it refuses to spend. By using the department's figures, the Bradfield Road was supposed to cost in excess of \$250-\$300 million. However, it was shown, under the required McDowell Study, to be a 2:1 cost-benefit for that area. Still, the department refuses to move forward with either the Environmental Impact Statement (EIS) or the preliminary engineering, both of which already have the funding.

COMMISSIONER PERKINS acknowledged that \$1 million had been appropriated to the department for the Bradfield Canal Road. Commissioner Perkins explained that in order to [access] the Bradfield Canal Road, one would have to take a ferry, which would require a new ferry and a new ferry terminal at Tyee. Then, one would get on an eight mile road that proceeds through a two mile tunnel through a mountain to reach the Canadian border. Currently, the nearest Canadian road is some 20 miles away from where the tunnel would end. The Canadians have given no indication that they are interested in building the road at all.

COMMISSIONER PERKINS informed the committee that about three years ago U.S. Senator Murkowski requested that the U.S. Forest Service perform a feasibility study. That study found that the road went to nowhere because there is no Canadian connection. Commissioner Perkins said, "Now I can take that \$1 million and I can have another study done, but I may as well spread it around the streets of Juneau. I can't do anything for \$1 million." Until the Canadians build connections on their side, then he believes [the Bradfield Canal Road] to be a waste of money. Commissioner Perkins charged, "If you have a way and have some idea of how you think that \$1 million should be spent ... that would be something that would be reasonable and we'd get a product, I will take your suggestion and we'll certainly consider spending it." He pointed out that an EIS on this would cost \$3-\$5 million. Therefore, he didn't know what to do with the \$1 million.

SENATOR TAYLOR felt Commissioner Perkins' comments to be interesting in light of the department not having any problem finding about \$7 million to do the Juneau access study, which was turned down by the Juneau community. Senator Taylor returned to the \$1 million and informed everyone that the \$1 million was appropriated by U.S. Senator Stevens and was directly granted to the state for the purpose of doing an EIS. Senator Taylor remarked, "No, Joe, I don't expect you to do it [the EIS]. In fact, my expectations of what you or your department are going to do are always much higher than what I ever see done. You don't build roads in Southeast Alaska. You don't build the road to even connect up little Kake, Alaska." The decision regarding the road to Kake has been the department's stance for the last six years. Senator Taylor pointed out that Commissioner Perkins had already said that the department isn't going to build any roads to interconnect towns. Therefore, Senator Taylor questioned why [the legislature] should become excited about appropriating more money to DOT&PF when it's not going to be spent. He recalled that over two years ago, the legislature appropriated money to the department for ferry terminals and interlinks, but the department didn't spend it. He related his belief that the aforementioned appropriation was part of about \$30 million that was authorized over two years ago.

SENATOR WILKEN addressed the issue of force accounting, which had been discussed at a meeting in December. He expressed the hope that the department is judicious in the administration of the force accounting provision in the law.

SENATOR WILKEN then turned to the Fort Wainwright hospital for which the \$200 million Request for Proposals (RFP) came in way [off the mark] from what the engineers thought. Senator Wilken noted that a good friend of his was one of the lead engineers on that hospital. This friend went back in order to determine why the bids were so far out of range. The answer was that there was so much work in Alaska and the West Coast that the companies that bid the project didn't want the bid unless it was at a premium price. Senator Wilken said, "As I struggle with giving input as to the level of our capital budget this year, I wonder if we're not putting more money on top of the \$2.6 billion that we've done in the last two years and if we're not paying a premium for some of these projects simply because we don't have the resources through the contractors to build them." Therefore, he indicated that perhaps another \$1.1 billion isn't appropriate this year but rather this should be allowed to die

down in order to avoid the things that come with an overheated construction economy.

COMMISSIONER PERKINS pointed out that there is a difference between road construction, horizontal construction, and vertical construction. Commissioner Perkins said that he has measured how many bidders there are and how close they are with regard to road construction. On every road job, there are five to six bidders. He specified that the road contractors don't do hospital work. Commissioner Perkins related his belief that the Association of General Contractors (AGC) will tell the committee that there is a considerable amount of work that can be accomplished by horizontal constructors. With vertical construction, \$200 million would require a large bond with the core, which means that one is really limited and would be a \$200 million facility.

SENATOR WILKEN asked if there is the capacity.

COMMISSIONER PERKINS replied yes, there is the capacity to build roads. However, he wasn't as [knowledgeable] with vertical construction.

REPRESENTATIVE KAPSNER remarked that she, too, would be watching force accounting. She expressed concern that if contractors are going to be very concerned about a small project in the larger scheme, it sets a difficult tone for future projects, such as the gas pipeline. Representative Kapsner turned to an alert sent out regarding the force account. That alert questioned what would happen next summer when fishermen are working on contracts rather than fishing. In the last few years, even when there were good parent runs, it didn't seem to have a direct correlation with good fishing returns.

Number 1306

SENATOR WARD requested that Commissioner Perkins provide the committees with information regarding where road maintenance money was spent. Senator Ward remarked that he wasn't convinced that maintenance dollars are being spent correctly.

COMMISSIONER PERKINS agreed to provide that information.

CHAIR KOHRING turned to DOT&PF's current budget proposal for 50 percent matching dollars for capital projects at municipal airports. He noticed that there is a request that certain communities not be included in this 50 percent match. Those

exempted communities include Palmer, Wasilla, Juneau, Kenai, Soldotna, and Merrill Field in Anchorage. Chair Kohring acknowledged that the proposal indicates that the exemption is because these communities are on the road system/major highway network. However, there are other communities on that network that aren't included on the list, such as Homer, Valdez, and Seward.

COMMISSIONER PERKINS noted that [the proposal] was done two years ago, when the department was in quite a conversation with the legislature regarding whether there would be a match. Commissioner Perkins said, "As far as I'm concerned, the match we're talking about is the match for my projects ... the state-owned aviation projects, the state-owned highways, and these matches." Over the years, it has been the custom that the aviation match included the match for non state-owned airports. Therefore, when cutting the DOT match was discussed, the department cut providing the match for these other airports. The department gave a year's notice so there wouldn't be a problem. Commissioner Perkins said that he wasn't opposed to the legislature providing the match for these other airports, but he didn't want it to come out of his match, which is for state-owned facilities.

Number 1497

SENATOR TAYLOR asked if the governor will be putting forth any legislation regarding landing fees. Or, is the department recommending any such legislation to the governor? He recalled that when the state took over the Sitka Airport, which had charged landing fees, it lost \$300,000-\$400,000 in state revenue and took up a good portion of the department's maintenance budget for Southeast Alaska that year. Senator Taylor asked, "Are you going to do anything about that?" He recalled that a court decision caused the problem.

COMMISSIONER PERKINS clarified that this would not include Anchorage and Fairbanks because they charge landing fees. He recalled that years ago the legislature offered the choice of charging a landing fee or a fuel flowage fee and the statute says that both can't be collected. The fuel flowage fee was chosen and thus, statutorily, landing fees can't be charged. When Sitka had the airport, the city didn't fall under this statute and thus Sitka could charge and collect the landing fee and the state could charge and collect the fuel flowage fee. When Sitka decided it didn't want to operate the airport anymore and gave it to the state, \$300,000-\$400,000 [in collection of

the landing fee] was lost. Commissioner Perkins said that although the department hasn't proposed any legislation, he would give it some thought.

SENATOR TAYLOR expressed the hope that the department would give some thought to proposing legislation in this area because of the new FAA regulations. Furthermore, the lengthening of the runways will require funding and he felt that it would require revenue from sources other than the state.

COMMISSIONER PERKINS corrected his former statement and said that apparently, the legislation not allowing the landing fee to be charged by the state sunsetted last January. Therefore, the department could deal with this through regulations.

KURT PARKAN, Deputy Commissioner, Office of the Commissioner, Department of Transportation & Public Facilities, confirmed that the fee sunsetted last January and there has been discussion regarding the possibility of implementing landing fees at rural airports. The internal discussion regarding which airports that would impact hasn't concluded.

SENATOR TAYLOR expressed his disbelief that the department has had such a large revenue source available since January, but hasn't been able to promulgate any regulations for it. This could amount to several millions of dollars that would offset the maintenance on these airports.

MR. PARKAN agreed that it would be a revenue source. However, he pointed out that it would be very controversial. This isn't going to be an easy task.

SENATOR TAYLOR pointed out that fuel taxes are very controversial, yet the governor proposed those a few years ago. He asked if the governor or the department will be putting in a request for an increase on gasoline fuel taxes.

MR. PARKAN answered that "we" aren't proposing that.

SENATOR TAYLOR recalled that new revenue sources was part of the State of the State address. He asked if there are any other road taxes or fees that are being contemplated by the governor or the department.

COMMISSIONER PERKINS said, "We are not looking at gas taxes." He recalled that the legislation for a gas tax couldn't even get a hearing last time.

SENATOR TAYLOR remarked that he was looking for a way to help the department with the maintenance budget.

REPRESENTATIVE KAPSNER thanked Commissioner Perkins and his competent staff for the presentation.

ADJOURNMENT

There being no further business before the committees, the joint meeting of the House and Senate Transportation Committees was adjourned at 3:45 p.m.