

ALASKA STATE LEGISLATURE
SENATE TRANSPORTATION COMMITTEE

April 10, 2001
1:37 p.m.

MEMBERS PRESENT

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

MEMBERS ABSENT

All Members Present

COMMITTEE CALENDAR

SENATE BILL NO. 152

"An Act relating to the handling of and interest on contract controversies involving the Department of Transportation and Public Facilities or state agencies to whom the Department of Transportation and Public Facilities delegates the responsibility for handling the controversies."

MOVED SB 152 OUT OF COMMITTEE

CS FOR HOUSE BILL NO. 8(FIN) am

"An Act establishing the Legislative Pioneer Road Development Task Force; and providing for an effective date."

MOVED CSHB 8(FIN)am OUT OF COMMITTEE

SENATE BILL NO. 44

"An Act establishing an Alaska Toll Bridge and Causeway Authority; and providing for an effective date."

MOVED SB 44 OUT OF COMMITTEE

SENATE BILL NO. 45

"An Act making an appropriation for the design of the Knik Arm crossing; and providing for an effective date."

MOVED SB 45 OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

SB 152 - No previous Senate committee action.

HB 8 - No previous Senate committee action.

SB 44 - See Transportation minutes dated 3/22/01 and 4/3/01.

SB 45 - See Transportation minutes dated 3/22/01 and 4/3/01.

WITNESS REGISTER

Janet Seitz
Staff to Representative Rokeberg
Alaska State Capitol
Juneau, AK 99801-1182

POSITION STATEMENT: Testified for the sponsor of HB 8.

Dennis Poshard
Special Assistant
Department of Transportation &
Public Facilities
3132 Channel Dr.
Juneau, AK 99801-7898

POSITION STATEMENT: Opposed to HB 8 and answered questions about SB 44, SB 45 and SB 152.

Paula Terrell
Vice President
Thane Neighborhood Association
Juneau, AK

POSITION STATEMENT: Opposed to studying a road from Juneau to Atlin [HB 8].

Susan Schrader
Alaska Conservation Voters
PO Box 22151
Juneau, AK 99802

POSITION STATEMENT: Opposed to the task force membership in, and inadequate fiscal note for, HB 8.

Doug Gardner
Assistant Attorney General
Department of Law
PO Box 110300
Juneau, AK 99811-0300

POSITION STATEMENT: Answered questions about SB 152.

Kevin G. Brady
745 W. 4th Ave., Suite 502
Anchorage, AK 99501

POSITION STATEMENT: Testified in support of SB 152.

Mike Miller
Association of General Contractors of Alaska
7101 Debarr Rd.
Anchorage, AK 99504

POSITION STATEMENT: Testified in support of SB 152.

Katelyn Markley
Alaska Industrial Development and Export Authority (AIDEA)
813 W. Northern Lights
Anchorage, AK 99503

POSITION STATEMENT: Discussed the financial impact of SB 152 on AIDEA.

ACTION NARRATIVE

TAPE 01-13, SIDE A
Number 001

CHAIRMAN JOHN COWDERY called the Senate Transportation Committee meeting to order at 1:37 p.m. Senators Ward, Elton and Cowdery were present. The first order of business to come before the committee was HB 8.

#HB8

HB 8-LEGIS.PIONEER ROAD DEVELOPMENT TASK FORCE

MS. JANET SEITZ, staff to Representative Rokeberg, sponsor of HB 8, described the bill as follows. HB 8 sets up a Legislative Pioneer Road Development Task Force consisting of representatives from the Alaska Trucking Association, Operating Engineers, Teamsters Union, Alaska Chamber of Commerce, Associated General Contractors, and other organizations. The task force's job would be to identify roads that are important to the future of the economic development of Alaska and to study the feasibility of upgrading and developing some of these roads. In addition, the task force is to consider rights-of-way under the RS 2477 in order to protect the state's interest in those rights-of-way. It should also recommend a schedule of appropriations subject to federal and other funds. HB 8 contains a list of 25 road projects to review and allows the review of other road projects with merit. The task force is to submit a written report of its findings and recommendations to the legislature before the second session of the 22nd Alaska Legislature convenes. The act will be repealed on March 15, 2002.

CHAIRMAN COWDERY noted that when federal funds are involved, the roads have to meet standards that make the projects expensive. He asked how that is addressed in HB 8.

MR. SEITZ said the Department of Transportation and Public Facilities' (DOTPF) staff has testified in other committees that

Representative Rokeberg's vision of gravel roads would qualify for federal funding. She pointed out that Representative Rokeberg submitted amendments for the committee's consideration.

SENATOR ELTON commented that DOTPF has gone through a very extensive planning process [the Statewide Transportation Improvement Process - STIP]; it may be too early to tell how successful that process has been. The benefit to that process is that it was a grounds-up approach to transportation planning instead of a top-down approach. He asked how Representative Rokeberg came to include some roads and transportation corridors that were not included in that plan.

MS. SEITZ said the roads listed in HB 8 come from the work done by the House Special Committee on Economic Development, Trade and Tourism over the last few years. She provided committee members with a packet of information from that committee. She pointed out it is not the sponsor's intention to interfere with the STIP, but instead to add to that planning process and to give DOTPF information that it might not have otherwise looked at.

CHAIRMAN COWDERY asked if the task force will set the priorities for these roads.

MS. SIETZ explained that the task force will identify and establish a priority ranking for projects to develop or upgrade roads and submit the list to the legislature.

CHAIRMAN COWDERY asked a representative from DOTPF to testify.

MR. DENNIS POSHARD, Special Assistant, DOTPF, stated the department has some objections to HB 8. He said if money was no object, DOTPF would support the study and construction of many of the corridors listed. But, the fact of the matter is, DOTPF is operating with a constrained budget, so it is concerned about building up expectations to build roads that may not be built. DOTPF is also concerned that should those roads be built, added maintenance will be necessary. Some of the corridors on the list will create substantial maintenance burdens. He said that one of the repeated arguments in support of HB 8 is that DOTPF has not been building any new roads. DOTPF has built some new small segments of roads recently; the limiting factor is one of dollars. He pointed out that when one balances the fact that over 200 miles of the Dalton Highway is under contract to be paved, that project is a much higher priority than most of the corridors mentioned in HB 8. The issue for DOTPF is one of prioritization and not hesitancy to build new roads; its priority has been to upgrade existing roads. DOTPF believes HB 8 will create an unnecessary task force that will build

up expectations about road corridors that don't pencil out from a dollars and sense perspective and from a prioritization perspective.

Number 614

CHAIRMAN COWDERY commented the Alcan Highway helped Alaska and a lot of the pioneer roads.

SENATOR TAYLOR asked Mr. Poshard to clarify what he meant when he talked about building expectations.

MR. POSHARD said this task force will recommend roads that most would agree will help develop corridors in Alaska but whether or not it is realistic that those roads will be built when they are viewed from the perspective of statewide priorities is not known. He pointed out that DOTPF has done studies on many of these corridors already. DOTPF looked at a road from Bethel to Napaskiak, which is a short distance, but it would have cost almost \$5 million per mile to build. The road to Nome is currently being studied in the Northwest plan and maybe recommended in that plan. The road to Cordova is part of the Prince William Sound planning process. The community of Cordova is split on the issue and the ferry service improvements pencil out much better from a dollar perspective. He noted that several of the corridors listed in the bill have already been studied and determining whether a road segment will be the best use of money without taking into consideration rail, barging, airport improvements and alternative means of transportation would be a disservice in building expectations on the part of the public.

SENATOR TAYLOR asked who decides what is realistic.

MR. POSHARD said that DOTPF uses a public process when doing regional plans that involves the general public. The regional plans use economic models, transportation cost models and preliminary engineering studies.

SENATOR TAYLOR asked who sets the policy carried out by DOTPF.

MR. POSHARD said DOTPF operates under the constraints set in statute.

SENATOR TAYLOR commented the legislature follows a very public process too. He said he finds Mr. Poshard's testimony to be arrogant and offensive in that he indicated that DOTPF will determine, on everyone's behalf, what is realistic. He stated the Legislature determines what is realistic and it will set the policy and asks the departments to carry those policies out. The

Legislature uses a public process to set policy and the reality of that policy should not get measured by a bureaucrat in DOTPF. He asked Mr. Poshard to reconsider some of his comments and to assist the committee in its efforts to discern what the public believes are priorities.

MR. POSHARD apologized and said his comments were not intended to offend. He said he was trying to point out that DOTPF uses a public process that is federally required. It follows that process to determine how best to program in the resources that the federal government has given the state to spend on transportation. In addition, DOTPF has to come to the Legislature for approval of its capital budget every year, and that will not change, so the Legislature ultimately has the final say in what DOTPF spends the federal transportation dollars on.

CHAIRMAN COWDERY noted that Senator Wilken had a proposed amendment.

SENATOR WILKEN moved to adopt Amendment 1 and explained that it will add an item (27) for a roughly 60 mile connection from Chena Hot Springs Road northeast to Circle Hot Springs Road. The addition would connect and make a loop from Fairbanks to Circle Hot Springs and down the Steese Highway.

CHAIRMAN COWDERY noted that with no objection, Amendment 1 was adopted.

SENATOR TAYLOR moved to adopt Amendment 2, to add item (28) to the list of projects to study a road across the Cleveland Peninsula.

CHAIRMAN COWDERY asked if that is the Bradfield Canal Road.

SENATOR TAYLOR said it would be an extension of it. The Bradfield Canal Road would run from the tip of Bradfield Canal into British Columbia. The Cleveland Peninsula road would be necessary to connect Ketchikan to the Bradfield Canal Road.

SENATOR ELTON commented that nothing in HB 8 precludes the task force from looking at any other projects. He said he will not object to the amendment but advised committee members that he plans to offer an amendment that will bring balance; it will remove a project.

SENATOR TAYLOR added that, regarding Amendment 2, most of the roads on Revilla Island are logging roads and by interconnecting those and building two small bridges, one could drive out of Ketchikan.

CHAIRMAN COWDERY asked if there was any opposition to Amendment 2. There being none, Amendment 2 was adopted.

SENATOR ELTON moved to adopt Amendment 3, to remove on page 3, line 27, item number (22), a road from Juneau to Atlin, British Columbia. He said he believes the problem with HB 8 is that it uses a top-down approach instead of a bottom-up approach beginning at the community level. He believes the Southeast Transportation Improvement Plan would be an appropriate place to make these decisions. He noted he has received a lot of comments about HB 8, specifically about the road from Juneau to Atlin. The vast majority of people who contacted him oppose the inclusion of that road. Deleting that road from the bill will accurately reflect the opinions he's heard and if the community wants such a road, it should be discussed at the community level first.

REPRESENTATIVE ROKEBERG commented that the Juneau to Atlin road was added at the request of Representative Hudson from Juneau when the bill was heard in the House Transportation Committee.

SENATOR WILKEN asked where Atlin is located and whether such a road would connect to a road system so that he could drive to Juneau.

SENATOR ELTON said it does. Atlin is a short distance from Juneau over the ice field. The road would run up the Taku River and into Atlin, connecting with the Canadian road system.

SENATOR WILKEN asked Senator Elton whether he would prefer to remove it from the bill or to add it to the top of the list.

SENATOR ELTON said he would prefer that it be removed.

SENATOR TAYLOR said he has also received comments from many people from Juneau that favor a road to Atlin. He pointed out the Atlin road could be built for a fraction of the cost of any other accesses in or out of the community. But for the interference by this Administration on development of the Tulsequah Chief Mine and the permits that have already been granted, that road would be there today. This road would go from Thane Road through Sheep Creek to the Tulsequah Chief Mine Road and would not involve the environmental impacts that would occur on the eastern Lynn Canal route and it would cost less to maintain.

SENATOR ELTON said this road has been part of an ongoing study and that it was part of the access issue study. The professionals and engineers came to a different conclusion. Many of the people that contacted his office use the Taku River as a sports destination, commercial fish in that area, or are from the neighborhood through

which the road would run. He repeated that these kinds of decisions need to be made at the local level. He added that one of the reasons the Tulsequah Chief Mine is not in operation has to do with First Nations in Canada.

CHAIRMAN COWDERY called for a roll call vote on Amendment 3. Senator Elton voted in favor, Senators Ward, Taylor, Wilken and Cowdery voted against, therefore Amendment 3 failed.

REPRESENTATIVE ROKEBERG asked the committee to consider another amendment (Amendment 4) that would change the entity that appoints the civil engineer to the task force from the State Board of Registration for Architects, Engineers and Land Surveyors to the Alaska Professional Design Council. He noted this amendment was requested by the State Board.

SENATOR TAYLOR moved to adopt Amendment 4.

CHAIRMAN COWDERY announced that with no opposition, Amendment 4 was adopted.

SENATOR TAYLOR noted he had a proposed amendment in his packet that defines a rural area.

SENATOR WARD asked to see a copy of the amendment as he was not comfortable with new definitions of the word "rural." He asked if "rural" is defined in current law to be anything 50 miles from Anchorage.

CHAIRMAN COWDERY said he did not know.

SENATOR TAYLOR noted that he would have to oppose the amendment if it is offered because it says that none of the towns visited by the Alaska Marine Highway System in Southeast Alaska would be considered rural, such as Angoon and Hoonah.

SENATOR WARD asked Representative Rokeberg what the intent of the proposed amendment is.

REPRESENTATIVE ROKEBERG said the task force will have four members appointed from rural areas. His intent was to make sure that the task force had representation from the rural parts of the state.

CHAIRMAN COWDERY asked Representative Rokeberg if he sponsored the amendment.

REPRESENTATIVE ROKEBERG said that is correct.

SENATOR WILKEN asked Representative Rokeberg how strongly he felt about the amendment.

REPRESENTATIVE ROKEBERG said he would defer to the wisdom of the Senators on this issue.

SENATOR TAYLOR moved SCS CSHB 8(TRA) from committee with individual recommendations.

CHAIRMAN COWDERY noted that two people were waiting to testify.

MS. PAULA TERREL, Vice President of the Thane Neighborhood Association, asked the committee to rescind its action on failing to adopt Amendment 3. The Thane Neighborhood Association is not opposed to HB 8, but it does oppose a road from Juneau to Atlin. The association opposes such as a road for the following reasons:

- Heavy avalanche danger;
- The road would travel through a neighborhood that currently has a dirt road;
- The road would travel through the Dupont area, which is heavily used by local, tourism, and recreational groups;
- In the Juneau access road study the Atlin road project was ruled out because the British Columbia government opposed that portion of the road;
- High maintenance costs;
- The First Nations in British Columbia have filed a lawsuit to stop development of the Tulsequah Chiefs Mine, which is why the permit for a road to that mine has been held up.

The Thane Neighborhood Association also supports the commercial fishing groups and the Taku River homeowners association, groups that oppose this road.

SENATOR TAYLOR said he completely agrees with Ms. Terrell and that it's not his intent to take a road out past Thane Road because of the reasons she stated. He noted there is a hole through Mt. Roberts so if a tunnel was punched through it, the road would never come near the Thane Road neighborhood.

MS. SUSAN SCHRAEDER, representing Alaska Conservation Voters (ACV), said ACV has several concerns with this legislation. Last month, the Senate Transportation Committee heard testimony on SB 3, a bill that would authorize an appropriation to do a study of North Denali access. A major criticism of the Denali Task Force was that they thought the membership of that task force was totally imbalanced with members opposed to a northern access route. She believes the

same criticism can be leveled at the Pioneer Road Task Force. It is almost exclusively weighted with pro-road advocates. Alaskan history has shown, time and again, that road projects are very controversial and the best way to avoid some of that controversy is to have a good public process. The fiscal note associated with this bill does not provide for many local hearings or notification of comment periods. The task force should be funded sufficiently to allow for a meaningful public process so that the task force can determine what communities want. Ms. Schrader said a healthy economy for Alaska will not be found by looking backwards at 80 year old rutted tractor trails. She encouraged legislators to put its time and resources into meaningful studies to improve the transportation needs of the state that will enhance economic opportunities. HB 8 will establish a controversial, faulty process to take a look backwards. She asked the committee to oppose the bill.

SENATOR TAYLOR moved and asked unanimous consent that SCS CSHB 8(TRA) move from committee with individual recommendations. There being no objection, the motion carried.

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#SB 44

#SB 45

SB 44-ALASKA TOLL BRIDGE AND CAUSEWAY AUTHORITY

SB 45-APPROP: DESIGN OF KNIK ARM CROSSING

VICE CHAIRMAN WARD asked Ms. Brown to present SB 44 and SB 45.

MS. LORETTA BROWN, staff to Senator Ward, sponsor of both bills, explained that SB 44 and SB 45 are related. SB 44 establishes a toll bridge authority and SB 45 would facilitate the building of a Knik Arm causeway. The bills are essentially the same as bills introduced in the Thirteenth Alaska Legislature. The proposed legislation would appropriate \$1 million in state general funds to form an authority and to design a crossing that will span Cook Inlet from the Port of Anchorage to Point Mackenzie. Eighty percent of construction costs will be covered by federal funds. The causeway authority will issue transportation bonds for up to 20 percent of the cost and collect tolls to repay the bonds. Congressman Young has stated that the Knik Arm causeway is one of his two top priorities.

SENATOR TAYLOR asked Mr. Poshard if DOTPF has done any studies on the Knik Arm causeway.

MR. POSHARD informed the committee that some studies were done in the mid-1980s.

SENATOR TAYLOR asked whether DOTPF studied alternative methods of transportation such as high speed ferries.

MR. POSHARD said he does not know what alternatives were studied.

SENATOR TAYLOR asked whether DOTPF decided a causeway was a realistic project.

MR. POSHARD said DOTPF believes it should take a hard look at this project and supports the appropriation to get into the environmental process. DOTPF requested \$20 million recently through the congressional delegation for the environmental phase of the Knik Arm causeway. Congressman Young has been very supportive of that request.

SENATOR TAYLOR maintained that someone must have decided the project is realistic if those funds were requested.

VICE-CHAIRMAN WARD explained that the Thirteenth Legislature appropriated \$5 million for a study for the Knik Arm causeway. One component was the "do nothing" proposal and that is where the ferries came in or where people would continue to drive the existing route. He was the sponsor of that legislation and at that time Congressman Young was not in his current position.

SENATOR TAYLOR moved SB 44 from committee with individual recommendations.

VICE-CHAIRMAN WARD announced that with no objection, SB 44 moved from committee.

SENATOR TAYLOR moved SB 45 from committee with individual recommendations.

VICE-CHAIRMAN WARD announced that with no objections, SB 45 moved from committee. He then stated the committee would take up SB 152.
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#SB 152

SB 152-DOTPF-RELATED CONTRACT CLAIMS

MR. DON SMITH, staff to Senator Cowdery, sponsor of SB 152, explained that the measure relates to the handling and interest on contract controversies involved in DOTPF. The proposed legislation

would simply require that when a contract settlement with DOTPF is in dispute and finally settled in favor of the contractor, interest must be paid to the contractor on the settlement amount for the time the contract was in dispute. The interest would accrue at the rate applicable to judgments and interest in state statute.

TAPE 01-13, SIDE B

Disputes do occur and many take way too long to settle. There is no urgency to settle on the state's part, therefore interest expenses would increase the settlement incentive. The state earns interest on the money while it is under dispute and, many times, financially strapped contractors end up settling simply because they can't fight the time delay. Contractors have to pay their expenses while the dispute is ongoing. SB 152 would provide fairness. Letters of support from the Alaska General Contractors and others have been placed in members' packets.

SENATOR TAYLOR said he met with Dick Hatten (ph), the executive director of the Alaska General Contractors and learned that this would apply to cases that do not go to court.

MR. SMITH said that is correct.

SENATOR TAYLOR clarified that these cases are arbitrated and involved claims for cost overruns or change orders.

VICE-CHAIRMAN WARD said he would have DOTPF staff address the details.

SENATOR TAYLOR said he believes if a case is taken to court, the winning party would have the right to pre-judgment interest.

Mr. Dennis Poshard, Special Assistant, DOTPF, and Mr. Doug Gardner, Assistant Attorney General, took the witness stand.

SENATOR TAYLOR asked Mr. Gardner if SB 152 will apply to matters that are being litigated.

MR. GARDNER said the bill applies to administrative claims. He explained that an example would be a situation in which a contractor is building a road and a condition changed. Alaska law requires the contractor to bring a claim before DOTPF under the procurement code. There are a variety of different levels of review and a final decision is made by the Commissioner after a review by a hearing officer has taken place. The party can appeal the decision in Alaska Superior Court. If appealed to the court system, the case will always be considered an appellate case.

VICE-CHAIRMAN WARD took public testimony.

MR. KEVIN BRADY, an attorney with Olds, Morrison, Rinker and Baker, informed the committee that he has had the opportunity to litigate approximately four claims through the administrative hearing process, even up into the judicial review process. The cases are large and complex involving tens of thousands of documents. The process itself takes anywhere from 24 to 60 months. During that period of time, no interest accrues on the contractor's claim, to the financial detriment of the contractor. Private owners pay prejudgment interest, federal agencies pay prejudgment interest, municipalities and cities pay pre-judgment interest, so there is no legitimate basis for DOTPF, or any other state agency, to withhold pre-judgment interest and treat contractor claimants disparately from other tort or contract claimants. He offered to answer questions.

VICE-CHAIRMAN WARD asked if any law exists that prevents DOTPF from paying pre-judgment interest now.

MR. BRADY said to his knowledge, there is not. He said sometime in 1998, DOTPF made the decision, based on what he believes is an erroneous interpretation of an Alaska Supreme Court case, that it no longer has to pay.

VICE-CHAIRMAN WARD asked Mr. Gardner to elaborate on that case.

MR. GARDNER said he is not counsel of record in that case but that case is pending before the Alaska Supreme Court at this time.

SENATOR TAYLOR asked what shift or change of policy DOTPF made in 1998 based upon an interpretation of a Supreme Court decision.

VICE-CHAIRMAN WARD then asked if the 1998 case is being appealed.

MR. GARDNER said the issue that he believes was raised in the case that Mr. Brady was referring to involves a 1996 Alaska Supreme Court decision named Danko Exploration v. State (924 P2nd 432). He noted it has been a fairly long standing interpretation of the state's status of its sovereign immunity that the state only agrees to be sued in capacities where it waves its sovereign immunity. He said:

I don't believe that the issue has been raised, at least not to my knowledge, and again the attorney in the case may know more but I don't believe the question of pre-judgment interest has come up very often to the extent

that we have begun litigating it in this case is because the claimant, who Mr. Brady represents, raised the issue. But, we believe if the - and I don't want to - I don't think it would be useful to go through the Danko decision here, but I think that if the decision is read, it's my sense that this has been a long standing interpretation of Alaska law. The pre-judgment interest occurs when the state waives its sovereign immunity on that issue and it has not, according to our reading of the Danko case by the Alaska Supreme Court and by the Superior Court judge that visited this issue on two occasions and found that the state had not waved its sovereign immunity on this issue. So, I would say at this point, it was the Department of Law's position that pre-judgment interest wasn't - couldn't be awarded on these claims and that position has now been validated by a Superior Court judge and will be heard by the Supreme Court. So, I wouldn't say it's an erroneous interpretation of the law, it seems to be accurate according to the court.

SENATOR TAYLOR asked if, prior to the Danko case when the state paid [indisc.].

MR. GARDNER said he is not aware of any case in which the state paid pre-judgment interest on a disputed claim that was going through the administrative process. He noted there are other cases cited within Danko that suggest that this line of logic has gone back further than 1996.

SENATOR TAYLOR asked Mr. Brady if he had any further comment.

MR. BRADY said he would like to correct several of Mr. Gardner's statements. He stated the commissioner's office had authorized awards of pre-judgment interest, even up to and including 1998. [Mr. Brady's next statement was inaudible]. He concluded by saying the Department of Law took the position that pre-judgment interest was an inappropriate component of the award, and since then DOTPF discontinued the practice of awarding pre-judgment interest to contract claimants.

VICE-CHAIRMAN thanked Mr. Brady.

MR. MIKE MILLER, the immediate past president of the Associated General Contractors of Alaska, stated support for SB 152. He stated that in his experience, pre-judgment interest became a controversy in the late 1980s in the Northern region. That controversy was settled at the regional level after almost three years of "butting heads." He pointed out that in public works construction, a contractor has no choice but to complete the work or perform the work that he's supposed to do. Even if there is a

dispute, the contractor must complete the work otherwise the contractor will be liable for breach of contract. Given the state's ability to drag claims out forever, contractors are at a huge disadvantage to recover. The time value of money is a basic principle in our economic society and the contractors only want to be treated fairly. SB 152 will quell any doubt as to whether state sovereignty is given up. It corrects an oversight; the wording of SB 152 was in the model procurement code as it was contemplated by the legislature in the 1980s, but fell out for some reason.

MS. KATELYN MARKLEY, Development Specialist with the Alaska Industrial Development and Export Authority (AIDEA), said that AIDEA works through DOTPF under the procurement rules. Disputes do arise when construction projects are underway and, in the past, AIDEA has been able to settle those disputes through negotiated settlements. She said it is difficult to estimate a fiscal note for this bill. It could range from zero, if no disputes occur, to the millions. She told the committee that the contractor on the Healy [indisc.] gold project originally had a claim in the millions. The settlement, just based on an 18 month time period, could have been based on a \$10 million claim, and could have cost an additional \$1.6 million [in pre-judgment interest]. AIDEA settled the claim for approximately \$1.1 million. Had AIDEA paid interest based on the dates the claim when filed, the cost would have been an additional \$188,000. AIDEA didn't pay interest and once the claim was settled, the claim was paid the following month. Ms. Markley repeated that she cannot provide a fiscal note but should this arise, it could have an impact on AIDEA projects.

VICE-CHAIRMAN WARD noted there was no further testimony.

SENATOR TAYLOR moved SB 152 from committee and asked for unanimous consent.

VICE-CHAIRMAN WARD announced that with no objection, the motion carried and that the bill does not have any further referrals. With no other business to come before the committee at this time, he adjourned the meeting at 2:40 p.m.

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