

ALASKA STATE LEGISLATURE
SENATE TRANSPORTATION STANDING COMMITTEE

February 25, 2003

1:37 p.m.

MEMBERS PRESENT

Senator John Cowdery, Chair
Senator Thomas Wagoner, Vice Chair
Senator Gene Therriault
Senator Georgianna Lincoln

MEMBERS ABSENT

Senator Donny Olson

COMMITTEE CALENDAR

#SB31

SENATE BILL NO. 31

"An Act relating to a railroad utility corridor for extension of the Alaska Railroad to Canada and to extension of the Alaska Railroad to connect with the North American railroad system."

BILL POSTPONED TO MARCH 11, 2003

#

Confirmation Hearing:

Department of Transportation and Public Facilities -

Commissioner Mike Barton;

CONFIRMATION ADVANCED

PREVIOUS ACTION

No previous action to record.

WITNESS REGISTER

Confirmation nominee:

Mike Barton

Department of Transportation & Public Facilities

3132 Channel Drive

Juneau, AK 99801-7898

ACTION NARRATIVE

TAPE 03-04, SIDE A

CHAIR JOHN COWDERY called the Senate Transportation Standing Committee meeting to order at 1:37 p.m. Present were Senators Wagoner, Lincoln and Chair Cowdery. Senator Olson was excused. Senator Therriault arrived at 1:40 p.m. The confirmation hearing for Commissioner-designee Mike Barton of the Department of Transportation and Public Facilities (DOTPF) was the business before the committee. Chair Cowdery invited Commissioner-designee Barton to come forward and speak on the direction of DOTPF under his tenure.

COMMISSIONER-DESIGNEE MIKE BARTON informed committee members that DOTPF's direction [will vary] depending on the mode of transportation. DOTPF needs to optimize and build a transportation system that fits the needs of Alaskans. He explained:

Specifically with the Marine Highways for example, I think that we need to improve communications with the user groups and the communities that it serves. We need to strive to reduce the amount of general funding that gets devoted to the Marine Highway System and that will take some doing. I think that we need to get on with implementing the fast ferry concept. I think that's a means of achieving a reduction in the general fund demands.

And I think one of the first tasks that I would ask the new Marine Advisory Board to undertake is the examination and clarification of the mission of the Marine Highway System. I believe that there's not a clear understanding on what we really wanted to do. On the one hand, we wanted to provide basic service to Alaskans, on the other hand we wanted to provide sort of a cruise ship, a pseudo-cruise ship. And I think it's important that we look at those things and decide specifically what we want to emphasize.

In the long term I think that - I see a system of short ferry links as we develop the road system, as the road system matures so that we don't have these long hauls. I think there will still always be a Bellingham - Skagway, the Prince Rupert - Skagway but some of the like, Juneau to Haines and Skagway, I think we'll get the road links developed and we'll be able to work with more of the short ferry links and a completely different style of boat, ship. That will

all help, I think, provide better service for Alaskans and at the same time reduce the need for general funds.

CHAIR COWDERY interjected that he has received requests from many of the tourism companies to provide a two-year schedule.

COMMISSIONER-DESIGNEE BARTON replied a two-year summer schedule has been discussed. It is more problematic during the rest of the year because ships are in lay-up and lay-up time depends on the amount of funding available for the repair work. The Marine Highway staff believes two-year summer schedules can be provided.

CHAIR COWDERY said that would be helpful. The tourism companies were having difficulty making bookings for tourists.

COMMISSIONER-DESIGNEE BARTON said he did not think it was a problem but there would have to be recognition of unforeseen events. He continued.

In terms of air transportation, I think we need to continue to improve our airports. You know we've got a program where we're trying to get all the runways to 3300 feet. Some would like to get up to 3500 and depending on the bypass mail changes, we may have to get to 4000 at some of the airports. Many of our airports still need lights and there are a lot of airports where we need to pave the runways. We need to finish the Anchorage terminal project.

CHAIR COWDERY added he thought the committee was going to have a hearing on the Anchorage Airport.

COMMISSIONER-DESIGNEE BARTON said the department has been looking at ways to address the Anchorage Airport and would provide information at the time of the hearing. He told members:

In terms of the road system, I think that we need to get some traces on the ground. Historically DOT has been very heavy into the reconstruction phase rather than construction and we need to get into more construction. The Governor talked about industrial access roads, community access roads. We need to get on with that in order to help grow the economy of this state. And in many cases, we don't need a typical

highway. You know, in some cases a much smaller low volume road will get the job done.

And so I see challenges coming on the financing of those roads and we're gonna have to look for a variety of ways I think to finance those roads. The federal highway aid system brings with it a lot of standards that perhaps aren't - not what we need for many of these roads. But there's a number of them out there and we're getting more suggestions all the time but we need to figure out which ones we can get on with, which ones have the highest payoff and what's the best way to finance them. You know there's a variety of mechanisms...federal highway aid, perhaps Denali Commission money, general funds, bond program, perhaps private. Some of these may be very suitable for private development. In some cases the developers may prefer development privately.

So that's kind of it in a nutshell. I think we need to continue to put more money in the capital investment on roads in order to decrease the amount of money we need later in maintenance and the department's been doing that and we need to continue to emphasize that. If you look at life cycle costs, it's cost effective to do that plus it's a different source of money.

1:47 p.m.

SENATOR LINCOLN said it was good to have Commissioner-designee Barton in front of the committee. She said it was encouraging and nice to see on his resume he is a long time Alaskan and familiar with Alaska.

SENATOR LINCOLN described her concerns as follows. The Governor has indicated he wants to have resources developed. Resource development requires infrastructure, meaning roads, a railroad or air access in and out of the development sites. She stated:

When we hear talk about the 10 percent cuts that are possibly coming down from the departments or more, or even if you hold the line, and we hear the talk about the development, how do you match those two things up? How are you going to get the funding to do some of these projects? I hear you talk about the bonding and private dollars but for GF [general funds] how will we

possibly go forward with developing resources with our limited GF dollars we've got and the limited federal dollars coming down quite frankly?

COMMISSIONER-DESIGNEE BARTON said intense discussions have taken place during the budget development with OMB (Office of Management and Budget). It is too soon to tell how DOTPF will fair but he is optimistic because the Governor has made transportation one of his priority issues. He said that was about as much as he could say at this point.

SENATOR LINCOLN stated, "Which doesn't answer my question but I appreciate your honesty in that." She said her other area of concern is construction versus reconstruction. The piece of legislation in the "hopper" is the proposed new Circle Hot Springs to Chena Hot Springs Loop Road. The real problem is the Central to Circle road, a horrible almost impassable road. People have to use this road to reach the longer runway to get out for medical reasons and other services. She asked how he balances reconstruction versus construction when there is a real reconstruction need out there.

COMMISSIONER-DESIGNEE BARTON said that is a difficult situation and he had not meant to imply DOTPF was going to stop reconstruction. The bulk of the money will probably still be spent on reconstruction. He said he is concerned that some new roads are built. Picking which roads to build will be a balancing act that will have to reflect people's needs. He added:

You know there's very possibly a road that serves a very few people, on the other hand it may be just extremely important to them, whereas a road that your reconstructing may be more a matter of reducing commute time or making traffic flow a little faster when there are alternatives. I think it's really a judgment call that has to be made on that sort of thing and it's not an easy one because there's so many requests for both types, the reconstruction as well as the new construction. We have \$8 billion dollars, \$8 billion dollars in identified needs in this state. That's how much is on the needs list.

SENATOR LINCOLN asked if that was for new construction and reconstruction.

COMMISSIONER-DESIGNEE BARTON answered yes. He thought mostly reconstruction.

SENATOR THERRIAULT stated:

I was contacted the other day by a member, a trucker, who talked about some seasonal late restriction bottlenecks in the system and I'm wondering what you've got planned to switch around the decision making process on that effort to maybe relieve some of the bottlenecks from being seasonally imposed causing problems all the way down to when the containers are loaded in Seattle.

COMMISSIONER-DESIGNEE BARTON said he had been working with Frank Dillon, Alaska Truckers Association, as well as Dick Katno, Associated General Contractors, on this question. The need for weight restrictions decreases as the major highways are upgraded. The highway has an upgraded section, followed by a non-upgraded section, and then another upgraded section. The weight restrictions are dictated by the weakest link in the chain. He informed committee members he agreed to use the same weight restrictions this year that were used last year and will work with the truckers to examine other things that might help, such as lower tire pressures and lower speeds. DOTPF would like to get to the point where it does not have to impose weight restrictions but is not there yet.

SENATOR THERRIAULT said if the container does not meet the weight restriction and the driver gets stopped and ticketed, he still drives over the weak portion of pavement. He asked if reconstruction was scheduled for that stretch of road so the weight limits would not have to be imposed.

COMMISSIONER-DESIGNEE BARTON said DOTPF has a schedule to upgrade roads to the point where weight restrictions can be eliminated.

SENATOR THERRIAULT asked, "But not until the road is actually reconstructed?"

COMMISSIONER-DESIGNEE BARTON said they had to harden those weak links. Perhaps, by working with the truckers, alternative means can be found that allow weight restrictions to be raised or eliminated. At this point, DOTPF does not have the alternative means.

SENATOR THERRIAULT asked if federal funds might be reallocated or shifted in the STIP (State Transportation Improvement Program) fund allocation process. He explained the northern region has the majority of lane miles but it is said the region is not getting its fair share of funds. He said he tries to be sensitive to the fact that the lane miles in the Anchorage area are fewer but receive a lot of wear and tear. He asked if Commissioner-designee Barton anticipates any direction from the Governor on reevaluating the way the money is distributed.

1:55 p.m.

COMMISSIONER-DESIGNEE BARTON clarified the STIP process is a federally dictated process. He explained:

I can tell you I'm very frustrated with it and I think the public is very frustrated with it. Part of my frustration is inherent in the process and part of my frustration relates to the way we use it and I'm wanting to change the way we use it. The public is frustrated because a project shows up in a '03 STIP and the next thing you know, it's in the '04 STIP and the '05 STIP. And there [are] some very good reasons for that sometimes and sometimes they may not be so good.

But I think we have to really look at the way that we're estimating these projects because that's what happens when these shift a lot of times is they were in the STIP at a certain level and then when you actually build them they've mushroomed so that that has to displace something else yet to be built.

Now the reason that cost has gone up sometimes is very legitimate and one of the big things that drives up the cost is increased right-of-way costs. And that's just a function of escalating land values from the time when the project was conceived to the time when you actually go out there to buy it. We've got one project... in the Mat-Su Valley where the right-of-way costs have tripled and that then bumps things out. So if we can do a better job at anticipating that sort of thing, then I think we can have a more reliable, more dependable STIP process. But the process is labor intensive for the public and I'm sure they get tired of it.

SENATOR THERRIAULT described a concern in Fairbanks. Without the federal float dollars being spread around the state, contractors go out of business. The contractors cannot hold out until the money comes around again. When the next project comes up, competitive bidding is not there to the extent desired so the cost goes up. He said he was looking for some kind of spread of projects to make sure the bidders remain healthy and viable. The need is higher in all locations than funding is available for.

COMMISSIONER-DESIGNEE BARTON said DOTPF recognizes and tries to deal with that situation. DOTPF knows it is not in the state's best interest to have no contractors and then a lot of contractors and then no contractors. He offered to provide a list of contracts to be awarded this year and said those projects are pretty well spread around the state.

SENATOR THERRIAULT said he would like to see the list.

SENATOR LINCOLN requested the list be provided to all committee members.

SENATOR WAGONER asked the carrying capacity of the fast ferries.

COMMISSIONER-DESIGNEE BARTON said a fast ferry carries approximately 35 vehicles and 200 passengers.

SENATOR WAGONER pointed out he has been in Alaska for about 30 years and has been bothered by Alaska's road construction. He noted he had always wanted to ask the Commissioner of Transportation the following question:

Where I come from, they generally put a lift of 6 to 8 inches of good, clean, crushed rock as a cap on every road they build before they pave it. And I've driven over a 30-mile stretch of road between my hometown and Carson, Washington, and we get a lot of freezing and thawing there too. And that road today, it was rebuilt in - approximately 35 years ago and there's a few patches on it, but basically the road bed and the road is still just about as good as it was the day it was built. Have we ever thought about trying to put better material on our roads or is it a fact that we don't? I mean I've never seen a road with a cap on it of crushed rock in the State of Alaska. Is there such a stretch of road?

COMMISSIONER-DESIGNEE BARTON answered he was sure there is. DOTPF is trying to put better material on Alaska roads. Part of what determines the life of a road is the material available. Generally, the rock in Alaska is too soft for road construction however, that is not true in a few places.

SENATOR WAGONER asked if the rock does not fracture right.

COMMISSIONER-DESIGNEE BARTON pointed out it is too soft and doesn't wear well. DOTPF is using a different oil mix with polymers in it and that seems to be wearing better. A top surface of hard rock is very expensive; in this area it comes from Haines. DOTPF is also treating the sub-base underneath the road and the fines are being captured, which makes it a more wearable base and that is helping.

SENATOR WAGONER said the last lift on the road is generally 6 to 8 inches of good crushed rock that screens perfectly. He said maybe that type of rock is not available in Alaska.

COMMISSIONER-DESIGNEE BARTON replied the rock in Alaska is variable but, in general, too soft.

CHAIR COWDERY interjected that base coats like those with a D-1 classification are crushed rock that include fines and work as a reinforcement. It is compacted in layers and is now being used with a fabric.

COMMISSIONER-DESIGNEE BARTON said he would be delighted to have DOTPF design people come to the Senate Transportation Committee and brief them on construction techniques.

SENATOR WAGONER said he would like that. He noted the road between Kenai and Anchorage was recently rebuilt. Several times he looked at the materials being used. He stated, "I told my wife several times that it just makes me sick because they were going to have to rebuild that road before long." The blacktop was crushed and the road was taken up. He said the materials did not look good but maybe good materials are not available.

SENATOR WAGONER said he usually drives 4-wheel drive vehicles and does not use studs or believe studs give better traction. Millions of dollars are spent in Alaska rebuilding roads due to wear of the pavement by studded tires. He asked if anything is being done to get away from studded tires.

COMMISSIONER-DESIGNEE BARTON said that earlier efforts to ban heavy steel studs and only allow aluminum studs were unsuccessful. A plastic stud is available but it does not seem to be very popular. Some states have banned the use of studs because they are expensive when it comes to road wear.

SENATOR WAGONER said, "Maybe the three letter word needs to be looked at. If you want to put a studded tire on your car you pay a tax that would go into a maintenance program for highways."

CHAIR COWDERY inserted, "A user fee."

SENATOR WAGONER replied, "Oh, Heaven forbid, a Republican said the three letter word." He added the state is paying a horrendous bill because of the damage done by stud use when there is no snow or ice on the roads.

COMMISSIONER-DESIGNEE BARTON responded that is one way to pay for road maintenance and looking at some sort of user fee or surcharge is worthwhile.

2:07 p.m.

SENATOR THERRIAULT said he thought an in-depth discussion took place when [former] Representative Hanley introduced legislation about studded tire use in the past. The research at that time showed that a lot of the damage is caused when the casing strikes the pavement, not from the stud. The aluminum or plastic casing holds the stud in the tire. He asked if DOTPF has continued to review research on the level of damage from an aluminum casing with a steel stud. He suggested explaining to constituents that researchers have identified the part of the studded snow tire that causes most of the damage and that is what the legislature wants to address.

COMMISSIONER-DESIGNEE BARTON recalled that such an effort was made in 1995. He said it is fairly well accepted that an aluminum casing has less of an impact on the pavement than a steel casing.

SENATOR THERRIAULT asked if 50 percent of the wear comes from the casing and 50 percent from the stud.

CHAIR COWDERY explained the tungsten that hits the pavement does the damage. The heavier steel imbedded to hold the stud in the tire may come out and wear the pavement fast.

SENATOR LINCOLN said a lot of research was done on another piece of legislation about this issue. She suggested that DOTPF staff review that research. She noted the type of stud that would not damage pavement could not be acquired in the United States at that time.

CHAIR COWDERY said the University of Alaska found that 50 percent of drivers do not use studs and that 98 percent of the time the pavement is dry but studs are used year-round. He said the trucking industry and the Anchorage Police do not use studded tires and that other options are available.

COMMISSIONER-DESIGNEE BARTON pointed out that the use of studded tires is an emotional issue.

SENATOR WAGONER said so are dollars.

SENATOR LINCOLN said Commissioner-designee Barton's statement about DOTPF's mission being a bit outdated and in need of review interests her. She asked if he had some type of goal in mind to complete the mission statement or to look at how the department is going to operate under his administration.

COMMISSIONER-DESIGNEE BARTON said he was referring specifically to the Marine Highway mission. He believes the Governor's reorganization of department headquarters along modal lines is very good. The three modes are highways and facilities, aviation and marine highway. The Governor also added two boards, an Aviation Advisory Board and a Marine Transportation Advisory Board. The Governor left the organization in the field integrated. Commissioner-designee Barton said he thought the department could still deliver services in an efficient manner with the integrated field units and at the same time improve management focus in each of the three modes because of the change in the staffing at headquarters.

SENATOR LINCOLN said she would read a question on behalf of some fisher people to make sure to say it correctly.

One of the biggest issues facing the salmon industry is improved transportation.... No reliable dedicated statewide air cargo service for moving salmon out of state exists. Refrigerated cargo service aboard the state ferries has been proposed but not moved forward. What can DOT do, given the current fiscal situation, to attract or assist cargo businesses to the state to economically move salmon out of state?

COMMISSIONER-DESIGNEE BARTON said he thought the ferries had refrigerated vans. He pointed out the issue of air transportation gets back to providing the necessary infrastructure for air cargo companies to be able to service these communities. In some cases, a road link may be needed to get the fish to the airport. He asserted he did not believe the state should be in the business of operating air cargo flights, which ought to be a function of the private sector. It is the state's business to provide the infrastructure in terms of airports and roads so the air cargo companies can provide the service.

SENATOR LINCOLN clarified the question was about attracting or assisting cargo businesses, not the state going into competition with them. She said she would be interested in meeting with him later to look at ways to get fish to market quickly. She added she was interested to hear how Commissioner-designee Barton would implement the very important role DOTPF plays.

COMMISSIONER-DESIGNEE BARTON agreed DOTPF plays a very important role and said he would be pleased to look at the issue in more detail and get back to her.

2:16 p.m.

SENATOR LINCOLN asked, "As you know the Administrative Order 199 on forced accounting, could you talk a little bit about your feeling about that and maybe your advice to the Administration on implementing that?"

COMMISSIONER-DESIGNEE BARTON said that was a subject of some discussion he has had with staff, the Associated General Contractors and others. He added:

I would hate to see the department lose entirely its ability to use force account. On the other hand, on the face of it, the situation, and this is my personal opinion, that created a lot of the controversy was the Saint Mary's project. And on the face of it that was not a good thing to use, that was too big a project for force account. On the other hand, as I understand it and I wasn't here, I understand that the motives were designed to help with an extremely adverse economic situation.

But it just seems to me that that flexibility is important to have for the Governor, and again this is me speaking, not the Administration, please understand that. Force account provides an opportunity to get some things done more cheaply. When we - there are other things other times when it's cheaper to get it done through these private contracts. Given the union contract we have to demonstrate that it is cheaper to get it done through private contracts before we can go that route.

But I think the use of force accounts should be on small things, things that are not economical to do through private contracting. I believe that Saint Mary's was too big if you just look at it on its face and discount any other reasons for having done it. I would like to see 199 operate for a while and see whether it works. It's not, I believe we ought to use the private sector to the extent we can but I also believe we need to have some capability, some flexibility within the department.

SENATOR LINCOLN said she was glad to hear him say that because so often local hire becomes a real issue if there isn't force accounting. From all indication, the Saint Mary's project was very successful and came in under the bid amount. She opined, "I don't know how you can argue with success and all local hire."

COMMISSIONER-DESIGNEE BARTON said it depends on your objectives.

CHAIR COWDERY said DOTPF charges a monthly fee for truckers hauling goods to Kenai in doubles. DOTPF does not charge the fee to haul doubles to Fairbanks or any other part of the state. He thought it penalizes commerce between Anchorage and Kenai and endorses eliminating the fee or balancing it out.

COMMISSIONER-DESIGNEE BARTON promised to look at the fee structure and said it does sound like there is an inequity.

CHAIR COWDERY said he would ask about it again at a later time. He continued by saying he talked to Commissioner-designee Barton about using rural contractors or rural people on certain kinds of jobs. Small jobs that do not require engineering would be lumped together and a contractor would be required to be on call. Chair Cowdery said he worked with the City of Anchorage

on that type of project and it proved to be very successful and included Davis-Bacon wages.

COMMISSIONER-DESIGNEE BARTON said DOTPF has some resourceful people who have gotten hold of Chair Cowdery's contracts and are looking at them.

CHAIR COWDERY said it seemed they could increase privatization along that line and include winter maintenance. He added that in rural Alaska, some airports are very close to each other but no roads connect them and maintenance of those airports is substantial. He wanted to address ways to acquire federal funds for that type of road.

COMMISSIONER-DESIGNEE BARTON explained that is exactly the sort of thing he was referring to with community access roads. He stated:

We need to get some Alcans on the ground and then we can come along and build them up as the need develops so that we don't have to put in something for 30 years from now today. But we can put something [in] today that will suffice and is a low enough cost that we can build more of them.

TAPE 03-04, SIDE B
2:25 p.m.

SENATOR LINCOLN pointed out in recent years the elimination of the capital matching funds for local municipally owned airports was discussed and proposed. She asked the following.

- What are his intentions as a new commissioner on this issue?
- Has there been any discussion of turning over the public facility component of the department to the Department of Administration?

COMMISSIONER-DESIGNEE BARTON addressed the first question:

Having served as the Chairman of the Juneau Airport Board for the last several years I was on the other end of the elimination of this local match so I find myself in a bit of a pickle here. We've not looked at that, by inclination I'm sympathetic to the local communities. I mean it's not a lot of money but it's pretty important to those communities but I need to

look at that. You know it all depends on how the budget shapes out and what you all do. As I recall the reason it now exists is because you legislated it. Is that not correct?

SENATOR LINCOLN answered that is correct.

COMMISSIONER-DESIGNEE BARTON responded to the second question:

We have not yet discussed with the Department of Administration any further transfer of public facilities. I get passionate about buildings but even if we transferred all the office buildings to the Department of Administration, DOT would still end up with several hundred buildings - ferry terminals, airports, and maintenance stations. I think that's the efficient way to handle this - is DOT is the sole tenant.

SENATOR LINCOLN pointed out Commissioner-designee Barton is a member of the Alaska Railroad Corporation's Board of Directors. Several pieces of legislation propose a railroad corridor and expanding the railroad into various parts of Alaska. She asked how he envisions dealing with his seat on the Alaska Railroad Board because of a potential conflict of interest, whether a railroad is built or whether DOT gets involved with a road system or airport.

COMMISSIONER-DESIGNEE BARTON said he does not see any conflict [between modes]. Alaska's transportation systems need to be optimized: they need to be complementary, not competitive. Alaska cannot afford to maximize every transportation system. As roads are developed, ferries need to be reduced. Some competition exists between roads and railroads but there are also many areas where they are not competitive. He said he enjoys his seat on the railroad board and does not see a conflict or competition, he sees the opportunity to make the various transportation systems complementary. Alaska cannot afford to do anything else.

CHAIR COWDERY said before the Alcan Highway was built the first choice was to build a railroad but because many believed a railroad would take too long to build, the highway was built.

CHAIR COWDERY then pointed out that studded tires are prohibited in Ontario, Canada and seven U.S. states.

SENATOR THERRIAULT moved that the committee forward Commissioner-designee Barton's name to the full Senate for consideration of confirmation.

CHAIR COWDERY announced that without objection, Commissioner-designee Barton's name would be advanced to the full body for a vote.

With no further business to come before the committee, Chair Cowdery adjourned the meeting at 2:31 p.m.