

HB

313

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: HB 313
() Publish Date: _____

Identifier (file name): HB313-CED-ARR-3-22-10 Dept. Affected: DCCED
Title: Maintenance of Railroad Crossings RDU: _____
Sponsor: Rep. Bill Stoltze Component: Alaska Railroad
Requester: House Transportation Committee Component Number: _____

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information						
		FY 2011	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
OPERATING EXPENDITURES								
Personal Services								
Travel								
Contractual								
Supplies								
Equipment								
Land & Structures								
Grants & Claims								
Miscellaneous								
TOTAL OPERATING	0.0		0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES	2,500.0		2,500.0	2,500.0	2,500.0	2,500.0	2,500.0
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CHANGE IN REVENUES ()							
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Alaska Railroad Revenues	2,500.0		2,500.0	2,500.0	2,500.0	2,500.0	2,500.0
TOTAL	2,500.0		2,500.0	2,500.0	2,500.0	2,500.0	2,500.0

Estimate of any current year (FY2010) cost: _____

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: (Attach a separate page if necessary)

House Bill 313 would shift the cost of crossing maintenance and repair to the Alaska Railroad, adding additional annual cost of approximately \$2.5 million to the corporation. However, this cost estimate to the Railroad could be far different depending on resolution of many gray areas within the legislation. Currently, the cost to construct, maintain, repair, and cover liability for crossings is borne by the entity or individual requesting the railroad right-of-way. The Alaska Railroad issues permits for crossings based on safety and engineering standards, industry standards, access requirements, and a responsible party willing to cover the costs and liability.

Prepared by: Wendy Lindskoog
Division: Alaska Railroad Corporation
Approved by: Emil Notti, Commissioner
Commerce, Community and Economic Development

Phone 907-265-2498
Date/Time 3/22/10 12:00 AM
Date 3/22/2010

ALASKA STATE LEGISLATURE

Co-Chair:
House Finance Committee

Chair:
House Finance Subcommittees for;
Department of Public Safety
Department of Law

Member:
Legislative Council
Legislative Budget & Audit (alt)



Session:
Alaska State Capitol, Rm 515
Juneau, AK 99801-1182
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600 E. Railroad Ave.
Wasilla, AK 99654

BILL STOLTZE
STATE REPRESENTATIVE
Representative_Bill_Stoltze@legis.state.ak.us

Sponsor Statement
for
House Bill 313
by Representative Bill Stoltze

The passage of HB 313 would transfer an equitable share of the liability for annual costs of maintenance and repairs at state highway/rail road intersections to the Alaska Railroad Corporation.

Currently, the State of Alaska pays a \$266 monthly maintenance fee to the Alaska Railroad for each and every road-railroad crossing, totaling \$212,287 annually. In addition, DOT&PF is charged for any repairs that occur within the right-of-way.

This piece of legislation keeps in place the monthly crossing fees for maintenance but prohibits the Alaska Railroad Corporation from additionally charging the state or municipalities for additional repair costs.

The Alaska Railroad is a for profit corporation and as such they should include in their rates the costs of maintenance. HB 313 justly allocates these expenses to the appropriate entity by preserving the monthly crossing fees, but exempting the state and municipalities from paying twice for railroad upgrades and repairs.

I appreciate your consideration of this important legislation.

DWS/mh/ja

DISTRICT 16

BIRCHWOOD • BUTTE • CHUGIAK • EKLUTNA • FAIRVIEW LOOP
KNIK RIVER ROAD • LAZY MOUNTAIN • PALMER • PETERS CREEK

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: HB 313
 () Publish Date: _____

Identifier (file name): HB313-DOT-CRHAM-03-24-10
 Title: Maintenance of Railroad Crossings
 Sponsor: Rep. Stoltze
 Requester: H TRA
 Dept. Affected: DOT&PF
 RDU: Highways and Aviation
 Component: Central Reg. Hwy and Aviat. Mainten.
 Component Number: 564

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information						
		FY 2011	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
OPERATING EXPENDITURES								
Personal Services								
Travel								
Contractual	(97.4)		(97.4)	(97.4)	(97.4)	(97.4)	(97.4)	(97.4)
Supplies								
Equipment								
Land & Structures								
Grants & Claims								
Miscellaneous								
TOTAL OPERATING	(97.4)	0.0	(97.4)	(97.4)	(97.4)	(97.4)	(97.4)	(97.4)

CAPITAL EXPENDITURES								
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CHANGE IN REVENUES ()								
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts								
1003 GF Match								
1004 GF	(97.4)		(97.4)	(97.4)	(97.4)	(97.4)	(97.4)	(97.4)
1005 GF/Program Receipts								
1037 GF/Mental Health								
Other Interagency Receipts								
TOTAL	(97.4)	0.0	(97.4)	(97.4)	(97.4)	(97.4)	(97.4)	(97.4)

Estimate of any current year (FY2010) cost: _____

POSITIONS

Full-time								
Part-time								
Temporary								

ANALYSIS: (Attach a separate page if necessary)

The department averaged the previous 5 years of maintenance costs paid to the Alaska Railroad Corp. to determine estimated savings.

This fiscal note explains the cost savings to Central Region's Highway and Aviation maintenance operating budget and includes the costs associated with the Whittier Tunnel.

The department still pays the required permit fees for each railroad crossing and for the Whittier Tunnel.

Prepared by: Mary Siroky, Legislative Liaison Phone 465-4772
 Division: Department of Transportation and Public Facilities Date/Time 3/24/10 11:45 AM
 Approved by: Frank Richards, Deputy Commissioner Date 3/24/2010
Department of Transportation and Public Facilities

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: HB 313
 () Publish Date: _____

Identifier (file name): HB313-DOT-NRHAM-03-24-10
 Title: Maintenance of Railroad Crossings
 Sponsor: Rep. Stoltze
 Requester: H TRA
 Dept. Affected: DOT&PF
 RDU: Highways and Aviation
 Component: Northern Reg. Hwy and Aviat. Maint.
 Component Number: 2068

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required		Information				
	FY 2011	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
OPERATING EXPENDITURES							
Personal Services							
Travel							
Contractual	(38.5)		(38.5)	(38.5)	(38.5)	(38.5)	(38.5)
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	(38.5)	0.0	(38.5)	(38.5)	(38.5)	(38.5)	(38.5)

CAPITAL EXPENDITURES							
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CHANGE IN REVENUES ()							
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FUND SOURCE (Thousands of Dollars)

	FY 2011	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
1002 Federal Receipts							
1003 GF Match							
1004 GF	(38.5)		(38.5)	(38.5)	(38.5)	(38.5)	(38.5)
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	(38.5)	0.0	(38.5)	(38.5)	(38.5)	(38.5)	(38.5)

Estimate of any current year (FY2010) cost: _____

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: (Attach a separate page if necessary)

The department averaged the previous 5 years of maintenance costs paid to the Alaska Railroad Corp. to determine estimated savings.

This fiscal note explains the cost savings to the Northern Region's Highway and Aviation maintenance operating budget.

The department still pays the required permit fees for each railroad crossing.

Prepared by: Mary Siroky, Legislative Liaison
 Division: Department of Transportation and Public Facilities
 Approved by: Frank Richards, Deputy Commissioner
Department of Transportation and Public Facilities

Phone 465-4772
 Date/Time 3/24/10 11:45 AM
 Date 3/24/2010

--Sponsored by: Mayor Isaacson
Introduced and Adopted: March 15, 2010

CITY OF NORTH POLE

RESOLUTION 10-08

**A RESOLUTION IN SUPPORT OF HB 313 AMENDING AS 42.40 RELATING TO THE
MAINTENANCE AND REPAIR OF RAILROAD CROSSINGS AND RIGHTS-OF-WAY
WITHIN RAILROAD CROSSINGS**

WHEREAS, the railroads are historically an economic driver to a community and at-grade railroad crossings are the most common method to traverse a railroad in order to access destinations on the other side of the tracks; and

WHEREAS, such crossings are necessary for the development of land and resources and consequently, the economic development of a community; and

WHEREAS the City and surrounding community of North Pole has historically had numerous at-grade crossings within its boundaries but in recent years has seen the closing of these crossings by the Alaska Railroad Corp (ARRC) due to costs associated with the repair and maintenance of the crossings or for purported safety reasons, thus limiting economic development; and

WHEREAS, the ARRC has restricted access to the populous and industrial west side of the City of North Pole to three at-grade crossings, limiting response time by public safety and maintenance personnel, especially if railroad cars are blocking the intersections while setting up or leaving the Flint Hills North Pole Refinery; and

WHEREAS, the ARRC bills the City of North Pole \$8,000 annually for repairs made to two of the crossings (a road crossing permit) because the ARRC asserts that it made the repairs that enable the public to traverse its property but which repairs were also necessary to the railroad to keep necessary crossings open and safe for the public to traverse its rails; and

WHEREAS, many other railbelt communities, including much larger communities which have far more crossings, do not pay for such maintenance costs; and

WHEREAS, the North Pole City Council supports HB 313 which will establish an equitable standard for bearing the cost of the maintenance and repair of railroad crossings for all communities by requiring the ARRC to bear this cost but does not want to see the ARRC unduly burdened with unexpected costs.

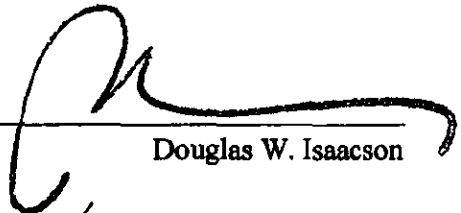
THEREFORE BE IT RESOLVED, that the North Pole City Council supports HB 313 and requests some modification to the language of the bill to include:

1. The cost of maintenance or repairs be limited to EXISTING crossings, and that all such existing crossings, such as in North Pole, be included; and
2. The State or municipality affected does not make repairs or build new crossings without joint agreement with the MPO, if applicable, and the DOT, the ARRC, and any other affected agencies, and the local community prior to completion of repairs or construction of new crossings.

THEREFORE BE IT FURTHER RESOLVED that copies of this Resolution be forwarded to the members of the Legislature, FMATS, ADOT&PF, ARRC, FNSB Mayor & Assembly, and City of Fairbanks Mayor & Council.

PASSED AND APPROVED by a duly constituted quorum of the North Pole City Council on this 15th day of March, 2010





Douglas W. Isaacson



Kathryn M. Weber, CMC, City Clerk

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

RAILROAD CROSSING MAINTENANCE COST

80 signals

- The DOT&PF pays a monthly "Crossing Fee" of \$266 per crossing with a total of 38 crossings totaling \$121,287 annually
- All maintenance costs are charged in addition to the "Crossing Fee". DOT&PF is billed for all labor, equipment, and commodity costs incurred by the railroad.
- The railroad generally does not coordinate its maintenance activities with the department unless they need staff to provide traffic control or when they have to remove asphalt from the road.
- DOT&PF receives invoices for the railroads and generally has no way to verify the railroads activities.
- The total M&O yearly costs paid to the railroad for Crossing Fees and routine maintenance items for the last 5 years is shown below:

	CENTRAL REGION			NORTHERN REGION		TOTAL M & O COSTS	TOTAL CROSSING FEES	TOTAL COSTS
	M&O Costs	Whittier Tunnel	Crossing Fee	M&O Costs	Crossing Fee			
FY05	\$31,377.86	\$43,197.09	\$67,023.00	\$17,906.76	\$54,264.00	\$92,481.71	\$121,287.00	\$213,768.71
FY06	\$24,398.55	\$53,047.40	\$67,023.00	\$28,377.75	\$54,264.00	\$105,823.70	\$121,287.00	\$227,110.70
FY07	\$33,935.18	\$75,006.29	\$67,023.00	\$40,216.78	\$54,264.00	\$149,158.25	\$121,287.00	\$270,445.25
FY08	\$35,544.36	\$64,389.77	\$67,023.00	\$25,573.75	\$54,264.00	\$125,507.88	\$121,287.00	\$246,794.88
FY09	\$61,923.23	\$64,377.26	\$67,023.00	\$80,708.05	\$54,264.00	\$207,008.54	\$121,287.00	\$328,295.54

- Crossing Fees/Base Rate
 - o Central Region = \$67,023
 - o Northern Region = \$54,264.
 - o All costs above the base rate are direct billed maintenance costs
- DOT&PF pays for larger maintenance/upgrade projects. Several recent projects are shown below:
 - o Hurricane and South Denali Crossings (FY05) – The railroad billed the department 170% \$348,266 which was considerably higher than the railroads original estimate. Therefore, the department only paid \$284,807.59 which was paid out of operating and partially out of supplemental capital funding.
 - o University Avenue Crossing (FY05) -- \$156,808 paid to ARR + an estimated \$40,000 of other M&O costs for labor, contract, and materials.
 - o One-time cable pulling at Whittier Tunnel - \$25,000
 - o Crossing Rebuild at Girdwood – Toadstool Turnpike - \$146,381
 - o Crossing Upgrade Work – Pitman Road - \$180,179
 - o Lawing Road Crossing Rebuild - \$398,398

define maintenance

FE
FTA #
RR

safety
HSIP\$

Prepared 2/03/2010

Whittier Tunnel

- The Whittier Tunnel is charged a "Crossing Fee" of 266/month or \$3192/year
- Maintenance costs are paid on top of the "Crossing Fee".
- The previous five years of railroad billings for the Whittier Tunnel are shown below:

FY05	\$43,197.09
FY06	\$53,047.40
FY07	\$75,006.29
FY08	\$64,389.77
FY09	\$64,377.26

Because of limited coordination by the railroad, it is difficult to manage operating funds due to the uncertainties of what the railroad will charge. Generally we are not aware of the work until we receive a bill.

Prepared 2/03/2010



HB 313 – Railroad Crossings

What about this 60-70% surcharge ARRC adds to bills to DOT on federal-aid funded projects?

- 1) Rate is determined by DOT in accordance with federal regulations
- 2) Rate base starts with hourly wage as a "direct" cost, the additional add-on (60-70% approved DOT rate) is meant to cover the cost of benefit programs (holidays, vacation, sick leave, etc.) supervision, training, indirect overheads, etc.
- 3) Not all costs are considered eligible
- 4) There is no "profit" or interest included or allowed

What was the issue with the Ruby Crossing?

Two issues mentioned by Ms. Wolstad

- 1) Property Ownership
 - The extension from Ft. Wainwright to Eielson Air Force Base was constructed in late 40's. The federal government had reserved a right to construct a railroad in the original patents in this area, which it exercised at that time.
 - Some property owners may have retained title to the underlying land even after the railroad was built, it depends on their exact circumstances and the effect of the federal transfer act
 - State acquired all railroad land during transfer. For ROW, was guaranteed to get at least an "exclusive use easement" for transportation communication and transmission purposes
 - If / when Railroad ceases to operate, the State still has an interest in ROW for transportation, transmission, and communication uses, and the State will be the one to decide ultimate disposition
- 2) Closure of Ruby Crossing
 - Within a 2.5 mile stretch 8 crossings exist
 - Because of sadly deteriorated condition the crossing was deemed unsafe.
 - Since Cross Way had been improved and was only ½ mile away ARRC removed the crossing, but agreed with local folks to provide assistance if there was a need to get heavy machinery, tanks across at Ruby

What's going on with the City of North Pole?

1. Two crossings are involved, Crossway and 8th Avenue
2. Auto, rubber-tired traffic had deteriorated the crossings to such a point they needed to be re-built
3. Under terms of their permit signed many years ago, the City was responsible for the improvements
4. DOT was upgrading Old Richardson Highway, but the crossings were outside the limits of what DOT could pay for with federal funds
5. The Railroad paid for the upgrades and the City agreed to reimburse us over 20 years.
6. The annual fee of \$8,000 covers ALL costs, maintenance, repair, and amortization of the capital costs to upgrade the crossings. The City receives one bill a year for \$8,000 period.
7. In addition, if the railroad is realigned away from Downtown North Pole during the 20 year term, and these crossings are no longer used, the permit will be cancelled immediately and the City will owe no more money.

HB 313 White Paper

2010 legislation sponsored by Representatives Stoltze and Fairclough

Background:

House Bill 313 was recently introduced and would shift the cost of crossing maintenance and repair to the Alaska Railroad. We estimate this cost would come in at no less than \$2.5 million. However, the cost to the Railroad could be far different depending on resolution of the many gray areas in the legislation.

Railroad policy states that the cost to construct, maintain, repair and cover liability for crossings is born by the entity or individual crossing the railroad right of way. These entities include the Department of Transportation and Public Facilities (DOTPF), local governments, the federal government, or private and commercial interests. The Alaska Railroad issues permits for crossings based on safety and engineering standards, industry standards, access requirements, and a responsible party willing to cover the costs and liability.

Position Statement:

The Alaska Railroad opposes this legislation. We believe there are many unintended consequences, issues and questions raised by HB 313. Most crossings in Alaska were requested for road/vehicle purposes, not for railroad purposes. While the railroad has accommodated the need for crossings, it is poor policy to burden the railroad with costs associated with highway use of the railroad right of way. HB 313 also does not define who the responsible party is for construction costs, signal and technology costs and liability coverage, and it may negatively affect the use of federal funds currently used to reimburse certain crossing costs.

Unintended Consequences, Issues, and Questions:

- Shifts an estimated \$2.5 million in costs to the Alaska Railroad. This could result in further employee position eliminations and a decrease in Alaska Railroad capital investment opportunities, which create Alaska jobs.
- Is the Whittier Tunnel included in HB 313?
- HB 313 addresses maintenance and repair. Who pays for construction of new crossings? Are rehabilitation projects considered maintenance and repair?
- Which party is responsible for crossing liability?
- Does this bill apply to private, commercial and individual crossings or just local and state crossings? What about federal crossings?
- The ARRC has a number of privately owned crossings. (Usibelli coal mine, for example). How will HB313 impact those permit/contract agreements and corresponding reimbursements?
- How does HB 313 affect existing crossing contracts with public and private entities? Can the legislation make a change when such legal contracts are in place?
- There are a number of crossings on military bases, and the federal government currently reimburses the Alaska Railroad for maintenance, rebuild and signal upgrade. How does HB 313 affect this funding stream?

- How does HB 313 affect costs relating to grade separated crossings? Who pays for the road repairs or snow clearing even if that portion of the road is within the railroad ROW?
- The DOTPF receives funding through the Highway Safety Improvement Projects program which uses dedicated federal funds for crossing signal upgrades. How does HB 313 affect this funding stream? If DOT does not use the funds designated for Alaska crossings will the unused funds be shifted to other states?

A Way Forward

What "problem" is the sponsor of this legislation is trying to address? With better direction a targeted approach to developing solutions could be implemented. A possible way forward could include an update to our State Crossing Policy encompassed in Alaska Railroad Board Rule 13, developed in 1987. This effort could include meetings with crossing stakeholders to explore ways to better address crossing permits and the application process, transportation planning for future crossing and access needs, and ways to better address liability and cost issues.

ARRC Crossing Cost Summary:

Routine Maintenance: These are the costs the ARRC is reimbursed by DOT and the Municipalities for crossing signal maintenance. This includes the Federal Railroad Administration required monthly checks, as well as unusual events like burnt out light bulbs, vandalism, etc.

Annual Maintenance Cost: **\$500,000**

Crossing Surface Rebuilds: This covers the periodic rebuilds of crossing surfaces including subgrade, track components, crossing pads, approach paving, traffic control, etc.

Average Annual Cost (2006-2009): **\$1,200,000**

Crossing Signal Hardware Upgrades: These costs cover the signal components themselves, masts, cantilevers, lights, signal huts, and the brains. The Highway Safety Improvement Project (HSIP) normally pays for this with dedicated federal funds.

Average Annual Cost (2006-2009): **\$700,000**

Whittier Tunnel: Considered a crossing by the Federal Railroad Administration:

Average Annual Routine Maintenance Cost Paid: **\$47,000** (estimate)

Average Annual Signal Hardware Upgrades: **\$50,000** (estimated. Can change depending on how well the facility and its components age.)

Not included are DOTPF's current tunnel operating costs