

NORTH DAKOTA LEGISLATIVE MANAGEMENT

Minutes of the

**TRANSPORTATION COMMITTEE**

Wednesday, September 28, 2016  
Roughrider Room, State Capitol  
Bismarck, North Dakota

Representative Dan Ruby, Chairman, called the meeting to order at 10:00 a.m.

**Members present:** Representatives Dan Ruby, Bert Anderson, Ben Hanson, Karen Karls, William E. Kretschmar, Lisa Meier, Mike Schatz; Senators Robert Erbele, Jerry Klein, Dave Oehlke, David S. Rust, George Sinner

**Members absent:** Representative Mike Brandenburg and Senators Joe Miller and David O'Connell

**Others present:** See [Appendix A](#)

**It was moved by Senator Erbele, seconded by Representative Karls, and carried on a voice vote that the minutes of the July 21, 2016, meeting be approved as distributed.**

**UPPER GREAT PLAINS TRANSPORTATION INSTITUTE - ROAD NEEDS ASSESSMENT**

Mr. Tim Horner, Program Director, Upper Great Plains Transportation Institute, presented information ([Appendix B](#)) regarding the *Assessment of Infrastructure Needs: North Dakota's County, Township, and Tribal Roads and Bridges; 2017-2036* draft report ([Appendix C](#)). He said the study determined overall ride and pavement ratings on local roads are improving, county participation in transportation studies has improved, pavements are thicker, unit costs are lower than in the last study with no differential between oil- and non-oil-producing counties, gravel costs have increased, paving costs have decreased, and the conditions of bridges has not changed overall.

Mr. Alan Dybing, Associate Research Fellow, Upper Great Plains Transportation Institute, reported to the committee that the study has improved the focus on uniform reporting, especially relating to county gravel costs and maintenance. He said the study reviewed the types of gravel, transportation costs, and maintenance practices.

In response to a question from Senator Klein, Mr. Dybing said it has been necessary for counties and other gravel users to transport gravel further, indicating the supply of gravel in each county's area may not be sufficient.

In response to a question from Representative Meier, Mr. Horner said the Department of Transportation and county officials coordinate bridge inspections and determine the status of each bridge on a scale of 1 to 100. He said when a bridge receives a rating of 80, it is at a point of rehabilitation and at a rating of 50 it is recommended for replacement. He said all of the bridges identified as poor condition will need to be replaced at some point.

In response to a question from Chairman Ruby, Mr. Horner said the assessment does not reflect inflation over time.

In response to a question from Senator Klein, Mr. Horner said the assessment estimates include engineering fees, which is based on the Department of Transportation experience with engineering fees. He said depending on the project, fees can range from 10 to 15 percent of the project costs.

**DEPARTMENT OF TRANSPORTATION UPDATE**

Mr. Grant Levi, Director, Department of Transportation, provided testimony ([Appendix D](#)) regarding the effective of the August 2016 6.55 percent general fund budget reduction on the department, estimated and actual motor vehicle fuels taxes and registration fee collections for the 2015-17 biennium, the status of road construction projects for the 2016 construction season, the department's study of funding for public transportation providers, and an update regarding the North Dakota state rail plan.

### **General Fund Budget Reduction and Other Transportation Revenues**

Mr. Levi said the February 2016 4.05 percent general fund budget allotment reduced the department's general fund appropriations by \$26.6 million and the subsequent 2.50 percent general fund budget reduction during the August 2016 special legislative session reduced the department's general fund appropriations by an additional \$16.4 million. He said fiscal year 2016 highway revenue collections were \$1.8 million more than the revised 2016 projections and fiscal year 2017 highway revenue collections to date are \$405,906 less than the revised projections. He said the department is anticipating \$20.9 million in additional federal funding in the August redistribution of federal funding for transportation projects for a total of \$261.7 million during federal fiscal year 2016.

In response to a question from Chairman Ruby, Mr. Levi said the department receives information from counties and cities to determine the department's project list and budget.

### **Road Construction Projects**

Mr. Levi said approximately 52 percent of this year's construction work has been completed and paid compared to 35 percent completed at the same time last year.

In response to a question from Senator Oehlke, Mr. Levi said contractors are allowed to inform the department that additional costs need to be incurred due to changes on a project and other unanticipated events. He said the department believes it is necessary to pay contractors for additional costs incurred if they are legitimate costs within the scope of the project contract.

### **2016 Transit Legislative Study**

Mr. Levi said the 2015 Legislative Assembly in House Bill No. 1012, directed the department to study state funding distributions and allocations to public transportation providers. He said there are currently 34 public transportation providers statewide, including rural, urban, tribal, and intercity services. He said during the 2011-13 and 2013-15 bienniums, approximately \$40.3 million was distributed to transit providers (\$19.5 million of state funding and \$20.8 million of federal funding). He said \$34.7 million of the funding provided was used for operating costs and the remaining \$5.6 million was used for capital purchases.

In response to a question from Chairman Ruby, Mr. Levi said other programs are available through the federal government for veterans transportation services and the department will partner with other state agencies to provide funding for public transportation for veterans and all other individuals needing transportation services.

In response to a question from Senator Klein, Mr. Levi said the philosophy of public transportation is to provide transportation services at a low cost to consumers and it is typically subsidized to allow for low-cost fares.

In response to a question from Senator Rust, Mr. Levi said the department informs political subdivisions regarding the amount of transportation funding available. He said each political subdivision determines how the funding is spent, either for road projects or public transportation needs.

### **State Rail Plan**

Mr. Levi said the Department of Transportation is in the process of updating the 2007 state rail plan to enhance statewide rail safety to meet growing transportation needs in the state. He said the state rail plan is currently in phase two of a three-phase process. He said the study has established the current rail system baseline and is in the process of collecting input from stakeholders and the public along with identifying the state's rail needs and opportunities. He said phase three will focus on providing recommendations for the state rail system to address the identified needs and opportunities in alignment with the established vision, goals, and objectives.

In response to a question from Chairman Ruby, Mr. Levi said the department does not have statutory authority over railroads. He said the department is capturing policy recommendations and will communicate that information to the appropriate authority.

## **SPECIAL TRANSPORTATION FUNDING DISTRIBUTIONS TO POLITICAL SUBDIVISIONS STUDY**

Ms. Donnell Preskey, Government/Public Relations Specialist, North Dakota Association of Counties, provided testimony ([Appendix E](#)) regarding uniform financial reporting by counties. She said among the state's 53 counties, at least eight different software platforms are used for maintaining financial records, and at least 10 have transitioned to new software in the last 5 years. She said, from the data available, it is impossible to link expenditures to the specific property taxes, intergovernmental revenues, and charges for services used to support them. She said the current data allows the association to review trends. She said the ability of each county to report financial information depends on resources available for personnel and software.

In response to a question from Chairman Ruby, Ms. Preskey said discussions are occurring regarding the implementation of a uniform chart of accounts and other ways to provide a more uniform comparison of county reporting.

In response to a question from Senator Rust, Ms. Preskey said there is significant expense to implement and maintain a program to allow the public to review county financial information online. She said one county has an annual expense of \$6,000 to make financial information available online.

At the request of Chairman Ruby, the Legislative Council staff presented a listing ([Appendix F](#)) of counties and the tax and financial software used in each county, noting that there are primarily three different types of financial software used by 38 of the counties. He said a review of several county's audited financial statements revealed the statements do not provide enough detail regarding state funding received and sufficient information is not included to analyze transportation-related expenditures.

Chairman Ruby said developing uniform account codes and providing training to county personnel to input revenues and expenditures in a similar manner would improve the uniform reporting of information by counties. However, he said, recommending a bill draft to make the changes is beyond the committee's duties.

Senator Rust said during the transition to a uniform accounting system for school districts, it was found to be a long and expensive process and a similar project may not be beneficial for transportation reporting.

### **Transportation Committee Bill Draft Recommendation**

Chairman Ruby reviewed bill draft [[17.0033.01000](#)], previously approved by the committee which amends North Dakota Century Code Section 39-12-20 to remove the sunset clause regarding the deposit of proceeds from truck size, weight, and other violations which did not occur on an interstate or state highway. He said Section 39-12-14.1, regarding voluntary settlement of extraordinary use fee charges, was enacted with Section 39-12-20 with a similar sunset clause which should also be removed.

In response to a question from Chairman Ruby, Ms. Preskey said the North Dakota Association of Counties is in support of the recommended change to the bill draft to also remove the sunset clause on Section 39-12-14.1.

**It was moved by Representative Meier, seconded by Representative Hanson, and carried on a roll call vote that the committee reconsider its action to approve bill draft [17.0033.01000].** Representatives Ruby, Anderson, Hanson, Karls, Kretschmar, Meier, and Schatz and Senators Erbele, Klein, Oehlke, Rust, and Sinner voted "aye." No negative votes were cast.

At the request of Chairman Ruby, the Legislative Council staff explained the proposed amendment would add a section to the bill draft to also remove the sunset clause in Section 39-12-14.1 regarding voluntary settlement of extraordinary use fee charges.

**It was moved by Representative Anderson, seconded by Senator Sinner, and carried on a roll call vote to amend the bill draft to also remove the sunset clause on Section 39-12-14.1.** Representatives Ruby, Anderson, Hanson, Karls, Kretschmar, Meier, and Schatz and Senators Erbele, Klein, Oehlke, Rust, and Sinner voted "aye." No negative votes were cast.

**It was moved by Representative Meier, seconded by Senator Klein, and carried on a roll call vote that the bill draft relating to deposit of proceeds from truck size, weight, and other violations and voluntary settlement of extraordinary use fee charges, be approved as amended and recommended to the Legislative Management.** Representatives Ruby, Anderson, Hanson, Kretschmar, Meier, and Schatz and Senators Erbele, Klein, Oehlke, Rust, and Sinner voted "aye." Representative Karls voted "nay."

## **SPECIAL TRANSPORTATION FUNDING DISTRIBUTIONS TO POLITICAL SUBDIVISIONS STUDY Committee Discussion**

Senator Klein explained that a few counties had concerns regarding the level of funding they received under the county major collector miles method of distributing special transportation funding. He said the purpose of providing funding using the Upper Great Plains Transportation Institute needs study method was to distribute the funding where the needs have been identified. He said the Upper Great Plains Transportation Institute was commissioned to study transportation needs and the idea is to provide funding based on those needs.

Senator Rust expressed his concern for selecting one method over another for allocating funding, because each method targets specific transportation networks and the Legislative Assembly can use each method to target the areas that need the funding.

### UNIFORM TRUCK PERMITTING STUDY

At the request of Chairman Ruby, the Legislative Council staff presented a memorandum entitled [Uniform Truck Permitting Study Transportation Committee Summary](#), which provides information regarding testimony and other information received by the committee as part of the study.

In response to a question from Chairman Ruby, Mr. Arik Spencer, Executive Vice President, North Dakota Motor Carriers Association, said that in recent discussions with representatives of the North Dakota Association of Oil and Gas Producing Counties, it had 17 county members, and other counties outside of the association had approached the association to join the uniform permitting system. He said the members of the North Dakota Motor Carriers Association believe it is beneficial to have access to the uniform permitting system, but are concerned that there are no maximum fee limits on county permitting systems.

**It was moved by Senator Oehlke, seconded by Senator Rust and carried on a voice vote that the Chairman and the Legislative Council staff be requested to prepare a report and the bill draft recommended by the committee and to present the report and recommended bill draft to the Legislative Management.**

**It was moved by Senator Sinner, seconded by Senator Oehlke, and carried on a voice vote that the committee be adjourned sine die.**

No further business appearing, Chairman Ruby adjourned the committee sine die at 1:50 p.m.

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Chris Kadmas  
Fiscal Analyst

ATTACH:6