

SENATE BILL NO. 227

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SECOND LEGISLATURE - FIRST SESSION

BY SENATOR PEARCE

Introduced: 5/8/01

Referred: Transportation, Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to the airports in Anchorage, Fairbanks, and Cold Bay, and**
2 **establishing the Alaska Airport Authority; and providing for an effective date."**

3 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 * **Section 1.** The uncodified law of the State of Alaska is amended by adding a new section
5 to read:

6 FINDINGS AND PURPOSE. (a) The Alaska State Legislature finds that the state-
7 owned and state-operated international airports at Anchorage and Fairbanks are critical air
8 transportation links between the Orient, Europe, and North America, are the major points of
9 access to Alaska for international and interstate air travelers, and are major hubs for the
10 shipment of cargo throughout the Pacific Rim and the Northern Hemisphere. In order to
11 protect and maintain the viability and competitive position of the Anchorage and Fairbanks
12 international airports, it is in the best interest of the state to vest management of these airports
13 in an independent authority that can provide effective marketing of the airports; efficient,
14 responsive, and integrated management of the airports; and competitive services and facilities

1 to users of the airports.

2 (b) The purpose of this Act is to establish an authority for the operation, management,
3 planning, and construction of facilities for the state-owned and state-operated international
4 airports at Anchorage and Fairbanks and the state-owned and state-operated airport at Cold
5 Bay.

6 * **Sec. 2.** AS 02 is amended by adding a new chapter to read:

7 **Chapter 45. Alaska Airport Authority.**

8 **Article 1. Creation and Organization.**

9 **Sec. 02.45.010. Alaska Airport Authority.** (a) The Alaska Airport
10 Authority is established as a public corporation of the state. The corporation is an
11 instrumentality of the state in the Department of Transportation and Public Facilities
12 but has a legal existence independent of and separate from the state and has continuing
13 succession until its existence is terminated by law.

14 (b) The authority is the exclusive state agency responsible for the operation,
15 management, planning, marketing, construction, and maintenance of facilities for the
16 state-owned and state-operated international airports located at Anchorage and
17 Fairbanks and for the state-owned and state-operated airport at Cold Bay.

18 (c) The powers of the authority are vested in the board of directors of the
19 authority.

20 **Sec. 02.45.020. Board of directors.** (a) The board of directors of the
21 authority consists of seven voting members appointed by the governor in accordance
22 with this section:

23 (1) two members who are residents of the Municipality of Anchorage;

24 (2) two members who are residents of the Fairbanks North Star
25 Borough;

26 (3) one member who is a resident of the Aleutians East Borough; and

27 (4) two members, at least one of whom is a resident of the state.

28 (b) The appointed members of the board described under (a) of this section
29 shall have appropriate and relevant experience in the management or operation of
30 airports or of aviation or related business enterprises, except that

31 (1) at least one member shall be a representative of a labor

1 organization that represents employees of the authority;

2 (2) at least one member shall have experience in the management of
3 scheduled airline service;

4 (3) at least one member shall have experience in general aviation in the
5 state; and

6 (4) at least one member shall have airport management experience at
7 an airport serving a community with a population of at least 60,000 persons.

8 (c) The commissioner of transportation and public facilities is a nonvoting, ex
9 officio member of the board. The commissioner may designate a person to serve on
10 the board in the commissioner's absence.

11 (d) The appointed members of the board serve for staggered terms of four
12 years. The terms of the appointed members begin on January 1.

13 (e) The appointed members of the board shall comply with the requirements of
14 AS 39.50 (public official financial disclosure).

15 (f) The appointed members of the board may neither be employed by the state,
16 including the University of Alaska, nor hold an elected state or municipal office.

17 **Sec. 02.45.030. Removal of members.** The governor may remove an
18 appointed member of the board for cause, including incompetence, neglect of duty, or
19 misconduct in office. Before a member is removed for cause, the member shall be
20 given a copy of the charges and afforded an opportunity to publicly present a defense
21 in person or by counsel upon not less than 10 days' notice. If a member is removed for
22 cause, the governor shall file with the lieutenant governor a complete statement of all
23 charges made against the member and the governor's findings based on the charges,
24 together with a complete record of the proceedings. The governor may suspend a
25 member of the board pending a final action under this section.

26 **Sec. 02.45.040. Compensation and expenses.** (a) A member of the board,
27 other than the commissioner and the commissioner's designee, is entitled to
28 compensation not to exceed \$400 for each day the member is engaged in the actual
29 performance of duties as a member of the board for a maximum of 60 days in a
30 calendar year. The board may provide by rule for compensation for partial days
31 during which an appointed member is engaged in actual performance of duties as a

1 member of the board.

2 (b) In addition to compensation under (a) of this section, a member of the
3 board, other than the commissioner and the commissioner's designee, is entitled to per
4 diem and travel expenses authorized by law for state boards and commissions under
5 AS 39.20.180.

6 **Sec. 02.45.050. Meetings.** (a) The board shall hold at least four regular
7 meetings each year. The site of the regular meetings shall rotate between Anchorage
8 and Fairbanks.

9 (b) The board may hold special meetings at the call of the chair or at the
10 request of three members of the board.

11 **Sec. 02.45.060. Officers and quorum.** (a) The board shall elect a chair and a
12 vice-chair from among its members. A member of the board may not serve as chair
13 for two consecutive terms. The chairmanship of the board shall rotate among
14 members of the board appointed under AS 02.45.020(a)(1) - (3). The chair and vice-
15 chair serve for terms of two years.

16 (b) The board shall elect a secretary, who need not be a member. The
17 secretary serves at the pleasure of the board.

18 (c) Four members of the board constitute a quorum. Action may be taken and
19 motions and resolutions adopted by the board at a meeting by the affirmative vote of at
20 least four members, of which at least one member must be a member appointed under
21 AS 02.45.020(a)(1) and at least one member must be a member appointed under
22 AS 02.45.020(a)(2). Members may not vote by proxy. A vacancy in the membership
23 of the board does not impair the right of a quorum to exercise all the powers and
24 perform all the duties of the board.

25 (d) Members may participate in meetings of the board by electronic means.

26 **Sec. 02.45.070. Staff.** (a) The board shall employ a manager for the Ted
27 Stevens Anchorage International Airport and a manager for the Fairbanks
28 International Airport. The board may employ a manager for the Cold Bay Airport.
29 Airport managers shall be selected on the basis of education, experience, training, and
30 expertise in management of airports. Airport managers serve at the pleasure of the
31 board. Between meetings of the board, the airport managers shall report to the chair of

1 the board.

2 (b) The board shall employ officers and employees as necessary for the
3 efficient operation of the airports.

4 (c) The board may employ executive, administrative, fiscal, and legal officers
5 and employees as the board considers necessary for the efficient management of the
6 authority. The board shall seek to minimize unnecessary duplication of staff and
7 functions at airports operated by the authority.

8 **Sec. 02.45.080. Rules and emergency rules.** (a) The board shall adopt rules
9 to carry out its functions and the purposes of this chapter, including rules to safeguard
10 property owned by the authority and to protect employees and persons using the
11 authority's property or services. At least 15 days before the adoption of a rule, the
12 board shall give public notice of the proposed action by publishing a notice in at least
13 two newspapers of general circulation in the state and by mailing a copy of the notice
14 to each person who has requested notice of proposed changes to its rules. The notice
15 must state the time, place, and nature of the proceedings and must contain a summary
16 of the subject of the proposed rule.

17 (b) On the date and at the time and place designated in the notice required
18 under (a) of this section, the board shall provide each interested person an opportunity
19 to present statements in writing concerning the proposed rule and shall give members
20 of the public an opportunity to present oral statements for a minimum period of at least
21 one hour.

22 (c) The board shall consider all relevant matters presented to it before
23 adopting a rule. The board may take action on a rule that varies in content from the
24 summary provided with the notice of the proposed rule if the summary reflected the
25 subject of the rule in a way that provided reasonable notice to the public about whether
26 the authority's action on that subject could affect the public's interest.

27 (d) The board may adopt a rule on an emergency basis only when necessary
28 for the orderly operation of the authority's facilities or programs. The requirements of
29 (a) - (c) of this section do not apply to the adoption of an emergency rule under this
30 subsection. However, within 10 days after the adoption of an emergency rule, the
31 authority shall give notice of its action that substantially complies with the notice

1 requirements of this section. A rule adopted under this subsection remains in effect
 2 for not more than 120 days. To prevent an emergency rule from lapsing, the board
 3 may adopt the same rule under (a) - (c) of this section before the end of the 120-day
 4 period.

5 (e) Failure to mail a notice to a person under (a) or (d) of this section does not
 6 invalidate an action taken by the board.

7 (f) An interested person may challenge a rule adopted by the board by
 8 bringing an action in the superior court. In addition to other grounds, a court may
 9 declare a rule invalid

10 (1) for substantial failure by the authority to comply with this section;

11 or

12 (2) if the rule was adopted under (d) of this section, upon the ground
 13 that the emergency rule was not necessary for the orderly operation of the authority's
 14 facilities or programs.

15 **Article 2. Powers and Duties.**

16 **Sec. 02.45.100. Powers and duties of authority.** (a) In addition to other
 17 powers granted in this chapter, the authority may

18 (1) sue and be sued;

19 (2) adopt and alter an official seal;

20 (3) maintain an office in the state;

21 (4) acquire, hold, use, and dispose of its money, subject to
 22 appropriation by the legislature;

23 (5) acquire, hold, use, lease, rent, construct, and dispose of property for
 24 its purposes;

25 (6) issue revenue bonds in the amount authorized by law; and

26 (7) do all acts necessary to carry out this chapter that are not expressly
 27 prohibited by law.

28 (b) The authority shall

29 (1) operate, manage, plan, improve, market, construct, and maintain
 30 the facilities of the state-owned and state-operated international airports located at
 31 Anchorage and Fairbanks and of the state-owned and state-operated airport at Cold

1 Bay; and

2 (2) adopt and enforce

3 (A) bylaws of the authority establishing procedures consistent
4 with AS 02.45.080 for the adoption of rules and emergency rules;

5 (B) rules for the conduct of its business and for the use of its
6 services and facilities;

7 (C) personnel rules necessary to establish a system of personnel
8 administration substantially equivalent to the state personnel rules adopted
9 under AS 39.

10 **Sec. 02.45.110. Public nature of authority activities.** The planning,
11 construction, improvement, maintenance, and operation of an airport, whether by the
12 authority separately or jointly with another state agency, municipality, or person, and
13 the exercise of other powers granted to the authority are public and governmental
14 functions exercised for a public purpose and matters of public necessity. Land and
15 other property and privileges acquired and used by or on behalf of the authority for the
16 purposes enumerated in this chapter are acquired and used for public and
17 governmental purposes and as a matter of public necessity.

18 **Sec. 02.45.120. Acquisition of land and easements.** The authority, as part of
19 the cost of constructing, maintaining, or improving airport facilities, may acquire by
20 purchase, gift, grant, exchange, or eminent domain land in fee simple or easements
21 that the authority considers necessary for present or future public use, either temporary
22 or permanent, including easements in airport hazards or land outside the boundaries of
23 an airport, necessary to permit the removal, elimination, and obstruction marking or
24 obstruction lighting of airport hazards or to prevent the establishment of airport
25 hazards. By the same means, the authority may obtain material, including clay,
26 gravel, sand, or rock, or the land necessary to obtain the material. The authority may
27 acquire the land or material notwithstanding the fact that title to the land or material is
28 vested in the state or a department, agency, commission, or institution of the state.

29 **Sec. 02.45.130. Authority to acquire property for the purpose of**
30 **exchange.** When the authority declares that it is in the best public interest of the state
31 to do so, the authority may acquire by purchase, gift, grant, exchange, or eminent

1 domain privately or publicly owned land or an interest in land for the purpose of
 2 exchanging the land or interest in land for privately or publicly owned land or an
 3 interest in land that the authority is authorized by law to acquire.

4 **Sec. 02.45.140. Eminent domain.** (a) The authority may exercise the power
 5 of eminent domain under AS 09.55.240 - 09.55.460 to acquire land for airport
 6 purposes consistent with this chapter. Notwithstanding AS 09.55.250, the authority
 7 may acquire a fee simple title whenever, in the judgment of the authority, ownership
 8 of a fee simple title is necessary to carry out the purposes of this chapter.

9 (b) The authority may file a declaration of taking in the manner provided for
 10 the state under AS 09.55.420.

11 (c) The exercise of the power of eminent domain by the authority requires the
 12 prior approval of the governor.

13 **Sec. 02.45.150. Indemnification.** (a) If the person acted in good faith on
 14 behalf of the authority and within the scope of the person's official duties or powers,
 15 the authority may defend and indemnify a current or former member of the board,
 16 employee, or agent of the authority against all costs, expenses, judgments, and
 17 liabilities, including attorney fees, incurred by or imposed upon that person in
 18 connection with a civil or criminal action in which the person is involved by affiliation
 19 with the authority.

20 (b) The authority may purchase insurance to protect and hold personally
 21 harmless its employees, agents, and board members from an action, claim, or
 22 proceeding arising out of the performance, purported performance, or failure of
 23 performance, in good faith, of duties for, or employment with, the authority and to
 24 hold them harmless from expenses connected with the defense, settlement, or
 25 monetary judgments from that action, claim, or proceeding. The purchase of
 26 insurance is discretionary with the board, and insurance is not considered to be
 27 compensation to the insured person.

28 **Sec. 02.45.160. Insurance.** Except as provided in AS 02.45.150(b), the
 29 authority shall protect its assets, services, and employees by purchasing insurance or
 30 providing for certain self-insurance retentions. The authority shall also maintain
 31 casualty, property, and other insurance in amounts reasonably calculated to cover

1 potential claims against the authority or state for bodily injury, death, or disability and
 2 property damage that may arise from or be related to authority operations and
 3 activities.

4 **Sec. 02.45.170. Fidelity bond.** The authority shall obtain a fidelity bond in an
 5 amount determined by the board for board members and each executive officer
 6 responsible for accounts and finances. A bond must be in effect during the entire
 7 tenure in office of the bonded person.

8 **Article 3. Airport Facilities.**

9 **Sec. 02.45.200. Operation and use privileges.** (a) The authority may enter
 10 into contracts, leases, and other arrangements covering periods not exceeding 55 years
 11 with a person, a municipality, or the United States, granting the privilege of using or
 12 improving an airport or air navigation facility, a portion of an airport or air navigation
 13 facility, or space in an airport or air navigation facility for commercial, governmental,
 14 or other public purposes, including private plane tie down, or conferring the privilege
 15 of supplying goods, commodities, services, or facilities at an airport or air navigation
 16 facility. The authority may establish the terms and conditions and fix the charges,
 17 rentals, and fees for the privileges or services that are reasonable and uniform for the
 18 same class of privilege or service. Charges, rentals, or fees authorized by this
 19 subsection may be fixed by order of the board or by negotiated or competitively
 20 offered contract. The fixing of charges, rentals, or fees as permitted under this
 21 subsection is not subject to AS 37.10.050(a). The terms, conditions, charges, rentals,
 22 and fees shall be established with due regard to the property and improvements used
 23 and the expense of operation to the state. However, use of state land and buildings by
 24 the Alaska Wing-Civil Air Patrol and its squadrons shall be permitted without rental
 25 charges. The authority shall provide for public notice and an opportunity to comment
 26 before a charge, rental, or fee is fixed by order of the board as permitted under this
 27 subsection. The public may not be deprived of its rightful, equal, and uniform use of
 28 the airport, air navigation facility, or a portion of the airport or air navigation facility.

29 (b) If the authority permits space in an airport to be used as lounges for
 30 members of the United States armed forces, the Alaska National Guard, the Alaska
 31 Naval Militia, or the Alaska State Defense Force and if the lounges are operated by

1 persons exempt from taxation under 26 U.S.C. 501(c)(3) (Internal Revenue Code), the
2 authority may not charge rent for the use of the space.

3 (c) The authority may, by contract or other arrangement, upon a consideration
4 fixed by the board, grant to a qualified municipality or person for a reasonable period
5 of time the privilege of operating, as agent of the state or otherwise, an airport owned
6 or controlled by the authority. A municipality or person granted that privilege may not
7 operate the airport other than as a public airport or enter into a contract, lease, or other
8 arrangement in connection with the operation that the authority may not have
9 undertaken under (a), (b), or (d) - (f) of this section.

10 (d) Notwithstanding the right of the public to rightful, equal, and uniform use
11 under (a) of this section, before the expiration of a land lease, including the
12 termination of a lease in holdover status, entered into under this section, the lessee
13 may apply for a new lease, or for an extended term under the existing lease, for the
14 same land. The board shall approve the application for a new land lease or an
15 extended term under this section without offering the land to other persons for leasing
16 if

17 (1) the lessee is in compliance with the terms and conditions of the
18 existing or holdover lease; and

19 (2) the continued use of the leasehold is consistent with written airport
20 operation policies and is in the state's best interest.

21 (e) A land lessee owns title to the permanent improvements that the lessee
22 constructed or purchased during the term of the lease, unless the lease expressly
23 provides that the state is the owner of the permanent improvements.

24 (f) At the expiration, termination, or cancellation of a land lease entered into
25 under this section,

26 (1) a lessee who owns the improvements under (e) of this section shall
27 continue to own the permanent improvements that the lessee constructed or purchased
28 on a leasehold if the lessee is granted, under (d) of this section, a new lease or an
29 extended term for the same land;

30 (2) a lessee may sell the permanent improvements owned by the lessee
31 to a succeeding lessee of the same land;

1 (3) at the option of the lessee, the permanent improvements owned by
 2 the lessee may be sold by the state at public auction with the proceeds from the sale of
 3 the improvements going to the lessee, less administrative costs of the auction and
 4 obligations owed under the lease to the state; the successful bidder has the same right
 5 to enter into a new lease under (d) of this section without the authority offering the
 6 land to other persons for leasing;

7 (4) after notice by the authority, the permanent improvements owned
 8 by the lessee shall be removed at the lessee's sole expense if

9 (A) the permanent improvements do not comply with written
 10 airport operational policies or are not in the state's best interest;

11 (B) the permanent improvements are not sold under (2) or (3)
 12 of this subsection; or

13 (C) the authority makes written findings that the permanent
 14 improvements are a hazard to the public health and safety;

15 (5) title to the permanent improvements vests in the authority if the
 16 authority purchases or otherwise contracts for the ownership of the permanent
 17 improvements or if the lessee abandons the permanent improvements.

18 **Sec. 02.45.210. Sale and delivery of in-bond merchandise.** (a) The
 19 authority shall allow the sale and delivery of in-bond merchandise at an airport only
 20 by an exclusive contract.

21 (b) If an exclusive contract for the sale and delivery of in-bond merchandise at
 22 an airport exists on the effective date of this section, the authority may not permit or
 23 confer a right on another person to offer to sell, sell, or deliver in-bond merchandise at
 24 that airport except as provided in (c) of this section.

25 (c) After exclusive contracts described in (b) of this section expire, the
 26 authority shall enter into one exclusive contract and, on its expiration, additional
 27 successive exclusive contracts for the sale and delivery of in-bond merchandise at
 28 each international airport operated by the authority. Except under the existing and
 29 future exclusive contracts described in this section, the authority may not permit or
 30 confer a right upon a person to offer to sell, sell, or deliver in-bond merchandise at an
 31 airport.

1 (d) The authority shall offer the exclusive contracts required by this section by
 2 competitive bid and shall award the contracts after considering the generation of
 3 maximum revenue for the international airports revenue fund under AS 37.15.430.

4 (e) The authority shall actively supervise the operations under each exclusive
 5 contract for the sale and delivery of in-bond merchandise in order to ensure the
 6 effectiveness of the operations. To supervise contract operations under this section,
 7 the authority shall adopt rules that provide for review of the reasonableness of price
 8 schedules, quality, and assortment of merchandise, and customer service.

9 (f) This section does not apply to deliveries of in-bond merchandise as cargo
 10 to airlines. In this subsection, "cargo" means goods carried by an airline under an
 11 agreement between the shipper and the airline, other than a passenger ticket, that are
 12 accepted, carried, and handled separately from passenger baggage and that are
 13 delivered to a location other than a baggage claim area; "cargo" does not include
 14 goods carried by an airline as baggage, whether belly-loaded or hand-carried and
 15 whether accompanied or unaccompanied by a passenger.

16 **Sec. 02.45.220. Police powers vested.** The officers and employees of the
 17 authority whom the board may designate have general police powers in aid of the
 18 enforcement of this chapter and of the powers exercised by the authority under
 19 AS 02.15 and AS 02.25. The persons designated under this section shall meet the
 20 minimum standards for police officers adopted under AS 18.65.130 - 18.65.290.

21 **Sec. 02.45.230. Regulation of ground transportation at airports.**
 22 Notwithstanding the provisions of AS 02.45.200, the authority may not exclude taxis,
 23 buses, or limousines that carry passengers for hire or courtesy cars from the highways,
 24 parking facilities, or other portions of an airport designated for operation or parking of
 25 ground transportation vehicles. The authority may regulate by rule the operations of
 26 taxis, buses, limousines, and courtesy cars as necessary to promote efficient operation
 27 of an airport. In this section, "courtesy car" means a motor vehicle owned or operated
 28 by a hotel, motel, or other place of public accommodation for the transportation of its
 29 guests to and from the airport at the request of the guest and for which no service
 30 charge is made to the guest.

31 **Sec. 02.45.240. Liens.** The authority may enforce the payment of charges for

1 repairs, improvements, storage, or care of personal property made or furnished by the
 2 authority or its agents in connection with the operation of an airport or air navigation
 3 facility owned or operated by the authority. The authority has those lien rights
 4 generally allowed by law to secure payment for those services.

5 **Sec. 02.45.250. Airport advisory committees.** (a) The board shall establish
 6 an advisory committee for each airport and shall prescribe by rule the powers, duties,
 7 and procedures of each committee. An advisory committee serves only as an advisor
 8 and may not exercise or be delegated a substantive power conferred on the board by
 9 law. An advisory committee may take action by a majority vote of its members.

10 (b) The advisory committee for the Ted Stevens Anchorage International
 11 Airport consists of the two members of the board from the Municipality of Anchorage
 12 who are appointed under AS 02.45.020(a)(1) and one other member of the board
 13 chosen by the chair of the board. The advisory committee shall act as an advisor to
 14 the manager of the Ted Stevens Anchorage International Airport.

15 (c) The advisory committee for the Fairbanks International Airport consists of
 16 the two members of the board from the Fairbanks North Star Borough who are
 17 appointed under AS 02.45.020(a)(2) and one other member of the board chosen by the
 18 chair of the board. The advisory committee shall act as an advisor to the manager of
 19 the Fairbanks International Airport.

20 (d) The advisory committee for the Cold Bay Airport consists of the member
 21 of the board from the Aleutians East Borough who is appointed under
 22 AS 02.45.020(a)(3) and two other members of the board chosen by the chair of the
 23 board. The advisory committee shall act as an advisor to the manager of the Cold Bay
 24 Airport.

25 **Article 4. Fiscal Procedures.**

26 **Sec. 02.45.300. Authority program and financial plan.** (a) The authority
 27 shall assure the development of a system of results-based operation designed to
 28 increase efficiency and effectiveness of programs and services of the authority.
 29 Toward that end, the authority shall, on a semi-annual basis, identify results-based
 30 measures that have been used to work toward achievement of the mission statement
 31 and desired results issued by the legislature and of other goals of the authority, and set

1 out the results as measured. The authority shall also prepare information that shall be
2 compiled and submitted on December 15 each year to the office of management and
3 budget, the legislature, and the legislative finance division; this information must

4 (1) identify the mission of the authority and desired results established
5 by the legislature;

6 (2) identify the goals and objectives the authority will use to achieve
7 the legislature's mission and desired results;

8 (3) set out the results of any user-group surveys and, if the results do
9 not agree with the mission and desired results, goals, and objectives, explain why;

10 (4) include written, defined methods of measuring results that apply to
11 the responsibilities, products, and services of the authority;

12 (5) identify results-based measures that have been used to work toward
13 achievement of the mission statement and desired results issued by the legislature and
14 other goals of the authority, and set out the results as measured;

15 (6) identify surveys or other methods of gathering user-group opinions
16 that have been used by the authority to identify ways to improve its programs;

17 (7) identify methods of measuring performance when the mission
18 statement and desired results issued by the legislature involve more than one authority
19 and make recommendations to eliminate duplication of government functions and
20 waste;

21 (8) identify ways in which the authority has involved its employees in
22 the development of methods of measuring results, including opportunities for
23 employee representatives to participate in committees established to develop methods
24 of measuring results;

25 (9) include the budget requested to carry out the authority's proposed
26 plans in the succeeding fiscal year, including information reflecting the expenditures
27 during the last fiscal year, the expenditures authorized for the current fiscal year, the
28 expenditures proposed for the succeeding fiscal year, an explanation of the services to
29 be provided, the total number of positions for all persons employed or under contract
30 by the agency for personal services, including those rendered for capital improvement
31 projects, the need for the services, the cost of the services, and other information

1 requested by the office of management and budget;

2 (10) include a report of receipts of the authority during the last fiscal
3 year, an estimate of receipts during the current fiscal year, and an estimate of receipts
4 for the succeeding fiscal year;

5 (11) identify legislation required to implement the proposed programs
6 and financial plans;

7 (12) include an evaluation of the advantages and disadvantages of
8 specific alternatives to existing or proposed activities or administrative methods of the
9 authority.

10 (b) The document prepared under (a) of this section must describe the
11 relationship of the services provided by the authority to those services provided by
12 other government agencies and nongovernmental organizations.

13 (c) If the authority fails to transmit the program and financial information
14 required under (a) of this section on the specified date, the governor may prepare the
15 information.

16 (d) All goals and objectives, plans, programs, estimates, budgets, and other
17 documents forwarded to the governor by the authority under this section are public
18 information on and after the date they are forwarded.

19 (e) The authority shall, with participation of its employees, develop methods
20 for measuring authority results. A group or committee established by the authority to
21 develop methods of measuring results shall include a representative of each of the
22 bargaining units that represents employees of the authority.

23 **Sec. 02.45.310. Program execution.** (a) Except as limited by executive
24 decisions of the governor, the mission statements and desired results issued by the
25 legislature, appropriations by the legislature, and other provisions of law, the authority
26 has power to administer its programs and is responsible for the proper management of
27 the airports.

28 (b) The governor may direct the reduction of expenditures by the authority
29 during the fiscal year only if the governor determines that the planned expenditures
30 can no longer be made due to factors outside the control of the state that make the
31 expenditures factually impossible.

1 **Sec. 02.45.320. Acceptance of money from federal and other sources.** The
 2 authority may accept federal money and money from other public or private sources to
 3 accomplish the purposes of this chapter; however, the authority may not expend the
 4 money without appropriation of the money by the legislature. Federal money accepted
 5 under this chapter shall be accepted and expended by the authority under the terms and
 6 conditions prescribed by federal law and regulations.

7 **Sec. 02.45.330. Annual report.** By January 15 of each year, the authority
 8 shall submit to the governor, the legislature, the mayor of the Municipality of
 9 Anchorage, the mayor of the Fairbanks North Star Borough, the mayor of the City of
 10 Fairbanks, the mayor of the City of Cold Bay, and the mayor of the Aleutians East
 11 Borough a concise report describing the operations, income, and expenditures for the
 12 preceding fiscal year. The report must contain information substantially similar to that
 13 required by the Security and Exchange Commission form 10-K. The report must also
 14 include financial statements audited by an independent outside auditor.

15 **Sec. 02.45.340. Annual audit.** The authority shall have a certified audit of its
 16 financial records prepared annually by an independent certified public accountant.

17 **Sec. 02.45.350. Responsibility of authority for revenue bonds.** The
 18 authority succeeds to all rights, duties, powers, and obligations of the state bond
 19 committee regarding the issuance, sale, and repayment of revenue bonds authorized
 20 under AS 37.15.410 - 37.15.550.

21 **Article 5. General Provisions.**

22 **Sec. 02.45.900. Authority employees.** (a) Employees of the authority are not
 23 employees of the state.

24 (b) Notwithstanding (a) of this section, employees of the authority who were
 25 state employees the day before they were transferred to the authority shall continue to
 26 participate in the supplemental employee benefits program under AS 39.30.150 -
 27 39.30.180 and in the public employees' retirement system under AS 39.35. The
 28 authority shall pay the employer's contributions required under AS 39.30.150 -
 29 39.30.180 and under AS 39.35.

30 (c) The authority may engage in collective bargaining with its employees.

31 **Sec. 02.45.910. Application of existing laws.** Unless specifically provided

1 otherwise in this chapter, the following laws do not apply to the operations of the
2 authority:

- 3 (1) AS 36.30, except as provided in that chapter;
- 4 (2) AS 37.07;
- 5 (3) AS 39, except as provided in this chapter;
- 6 (4) AS 44.62.010 - 44.62.300.

7 **Sec. 02.45.990. Definitions.** In this chapter, unless the context requires
8 otherwise,

9 (1) "airport" means the international airports owned and operated by
10 the state and located at or near the cities of Anchorage and Fairbanks and the airport
11 owned and operated by the state at or near the City of Cold Bay;

12 (2) "authority" means the Alaska Airport Authority;

13 (3) "board" means the board of directors of the authority;

14 (4) "bonds" means the international airports revenue bonds authorized
15 by AS 37.15.410 - 37.15.550;

16 (5) "capital improvement" means a project for the construction,
17 rehabilitation, rebuilding, enlarging, or improving of an airport, as determined by the
18 authority to be necessary or desirable for efficient operation of the airports operated by
19 the authority and to best serve the public.

20 **Sec. 02.45.995. Short title.** This chapter may be cited as the Alaska Airport
21 Authority Act.

22 * **Sec. 3.** AS 02.15.010 is amended to read:

23 **Sec. 02.15.010. Purpose.** The purpose of this chapter is to

24 (1) further the public interest in aeronautical progress by providing for
25 the protection of persons and promotion of safety in aeronautics through appropriate
26 measures consistent with and supplementary to but not duplicating federal aeronautics
27 laws and regulations, with a view to the least possible interference with aviation
28 activity compatible with the general welfare;

29 (2) encourage and develop aeronautics and the establishment and
30 operation of a state system of airports through cooperation **among the department,**
31 **the authority, and** [WITH] municipalities, and otherwise, including cooperation with

1 the federal government and acceptance and utilization of federal funds allotted for this
2 purpose.

3 * **Sec. 4.** AS 02.15.020(b) is amended to read:

4 (b) The department may enter into contracts necessary or advisable to the
5 execution of the powers granted **to the department** [IT] by this chapter. Where the
6 planning, acquisition, construction, improvement, maintenance, or operation of an
7 airport or air navigation facility **subject to the jurisdiction of the department** is
8 financed wholly or partially with federal money, the department, as agent of the state,
9 or of a municipality, or person, may let contracts in the manner prescribed by the
10 federal authorities acting under the laws and rules and regulations of the United States.

11 * **Sec. 5.** AS 02.15.060 is amended to read:

12 **Sec. 02.15.060. Establishment, operation, and maintenance.** **Except as**
13 **otherwise provided under this title, the** [THE] department may plan, establish,
14 construct, enlarge, improve, maintain, equip, operate, regulate, protect, and police
15 airports and air navigation facilities within the state.

16 * **Sec. 6.** AS 02.15.070(a) is amended to read:

17 (a) For the purposes specified in AS 02.15.060, the department may, by
18 purchase, gift, devise, lease, condemnation, or otherwise, acquire real or personal
19 property, or any interest in the property including easements in airport hazards or land
20 outside the boundaries of an airport or airport site, necessary to permit the removal,
21 elimination, obstruction-marking, or obstruction-lighting of airport hazards, or to
22 prevent the establishment of airport hazards. The department may acquire existing
23 airports and air navigation facilities in the same manner except it may not acquire or
24 take over an airport or air navigation facility owned or controlled by **the authority**, a
25 municipality, or **a** person without the consent of the **authority**, municipality, or
26 person.

27 * **Sec. 7.** AS 02.15.090(a) is amended to read:

28 (a) In operating an airport or air navigation facility owned or controlled by the
29 state **and subject to the jurisdiction of the department**, the department may enter
30 into contracts, leases, and other arrangements covering periods not exceeding 55 years
31 with a person, **a** municipality, or the United States, granting the privilege of using or

1 improving an airport or air navigation facility, [OR] a portion of **an airport or air**
 2 **navigation facility,** [IT] or space in **an airport or air navigation facility** [IT] for
 3 commercial, governmental, or other public purposes, including private plane tie down,
 4 or conferring the privilege of supplying goods, commodities, services, or facilities at
 5 an airport or air navigation facility. The department may establish the terms and
 6 conditions and fix the charges, rentals, and fees for the privileges or services that are
 7 reasonable and uniform for the same class of privilege or service. [CHARGES,
 8 RENTALS, OR FEES AUTHORIZED BY THIS SUBSECTION MAY BE FIXED
 9 FOR THE INTERNATIONAL AIRPORTS BY ORDER OF THE COMMISSIONER
 10 OR BY NEGOTIATED OR COMPETITIVELY OFFERED CONTRACT.]
 11 Notwithstanding AS 37.10.050(a), the fixing of charges, rentals, or fees as permitted
 12 under this subsection is not subject to the adoption of regulation provisions of
 13 AS 44.62 (Administrative Procedure Act). The terms, conditions, charges, rentals, and
 14 fees shall be established with due regard to the property and improvements used and
 15 the expense of operation to the state. However, use of state land and buildings by the
 16 Alaska Wing, Civil Air Patrol and its squadrons shall be permitted without rental
 17 charges. If the department permits space in state-owned or state-controlled airports
 18 **that are subject to the jurisdiction of the department** to be used as lounges for
 19 members of the United States armed forces, the Alaska National Guard, the Alaska
 20 Naval Militia, or the Alaska State Defense Force, and if the lounges are operated by
 21 persons exempt from taxation under 26 U.S.C. 501(c)(3) (Internal Revenue Code),
 22 rent may not be charged for the use of the space. The department shall provide for
 23 public notice and an opportunity to comment before a charge, rental, or fee is fixed by
 24 order of the commissioner as permitted under this subsection. The public may not be
 25 deprived of its rightful, equal, and uniform use of the airport, air navigation facility, or
 26 a portion of them.

27 * **Sec. 8.** AS 02.15.090(b) is amended to read:

28 (b) The department may by contract or other arrangement, upon a
 29 consideration fixed by **the department** [IT], grant to a qualified municipality or
 30 person for a reasonable period of time the privilege of operating, as agent of the state
 31 or otherwise, an airport owned or controlled by the state **and subject to the**

1 **jurisdiction of the department.** A municipality or person granted that privilege may
 2 not operate the airport other than as a public airport or enter into a contract, lease, or
 3 other arrangement in connection with the operation that the department may not have
 4 undertaken under (a) or (c) - (e) of this section.

5 * **Sec. 9.** AS 02.15.090(d) is amended to read:

6 (d) A [LAND] lessee **of land under this section** owns title to the permanent
 7 improvements that the lessee constructed or purchased during the term of the lease,
 8 unless the lease expressly provides that the state is the owner of the permanent
 9 improvements.

10 * **Sec. 10.** AS 02.15.095 is amended to read:

11 **Sec. 02.15.095. Courtesy cars.** Notwithstanding the provisions of
 12 AS 02.15.090(a), **in operating an airport subject to the jurisdiction of the**
 13 **department,** the department may not exclude from the streets, roads, highways,
 14 parking facilities, or other portions of **the** [A STATE-OPERATED] airport designated
 15 for operation or parking of ground transportation vehicles, nor may the department
 16 prohibit from picking up and discharging passengers [,] those motor vehicles
 17 commonly known as "courtesy cars." **In this section, "courtesy cars" means motor**
 18 **vehicles** [""] owned or operated by hotels, motels, or other similar places of public
 19 accommodation for the transportation of their guests to and from the airport at the
 20 request of the guest and for which service no charge is made to the guest.

21 * **Sec. 11.** AS 02.15.100 is amended to read:

22 **Sec. 02.15.100. Liens.** The department may enforce the payment of any
 23 charges for repairs, improvements, storage, or care of personal property made or
 24 furnished by the department or its agents [,] in connection with the operation of an
 25 airport or air navigation facility owned or operated by the state **and subject to the**
 26 **jurisdiction of the department.** The state has those lien rights generally allowed by
 27 law to secure payment for those services.

28 * **Sec. 12.** AS 02.15.102 is amended to read:

29 **Sec. 02.15.102. Use of airports for utilities. (a)** A utility facility may be
 30 constructed, placed, or maintained across, along, over, under, or within

31 **(1)** a state airport, **subject to the jurisdiction of the department,** only

1 under [IN ACCORDANCE WITH] regulations adopted or procedures prescribed by
2 the department and only if authorized by a written permit issued by the department;

3 (2) a state airport, subject to the jurisdiction of the authority
4 under AS 02.45, only under rules adopted by the authority and only if authorized
5 by written permit issued by the authority.

6 (b) The department or the authority may charge a fee for a permit that it
7 issues [ISSUED] under this section.

8 * **Sec. 13.** AS 02.15.104 is amended to read:

9 **Sec. 02.15.104. Relocation of utility facilities incident to airport projects.**

10 (a) If, incident to the construction of an airport project, the department or authority
11 determines and orders that a utility facility located across, along, over, under, or within
12 a state airport subject to its jurisdiction must be changed, relocated, or removed, the
13 utility owning or maintaining the facility shall change, relocate, or remove the facility
14 [IT] in accordance with the order, within a reasonable time set by the department or
15 authority in the order.

16 (b) If the utility facility is not changed, relocated, or removed in accordance
17 with the order, a permit authorizing the facility issued by the department or the
18 authority under AS 02.15.102 becomes invalid, and the facility will be considered an
19 unauthorized encroachment subject to the provisions of AS 02.15.114.

20 (c) The cost of change, relocation, or removal, as defined in AS 02.15.260,
21 ordered under (a) of this section is to be paid as follows:

22 (1) by the department or the authority as a cost of airport construction
23 [,] if the utility facility is installed or authorized after June 11, 1986, under a utility
24 permit or a regulation adopted by the department and is installed in the location
25 specified in the permit or the regulation;

26 (2) by the department or the authority as a cost of airport construction
27 [,] if the utility facility was installed before June 11, 1986, under a utility permit or
28 utility easement and is in the location specified in the permit or easement;

29 (3) by the department or the authority as a cost of airport construction
30 [,] if the utility facility was installed before the location became part of a state airport
31 or before permits were required;

1 (4) by the department or the authority as a cost of airport construction
 2 [,] if the utility permit that requires the utility to pay the relocation cost was issued
 3 more than five years before the contract for the airport construction project was first
 4 advertised;

5 (5) by the utility in all other cases unless

6 **(A) for airports subject to the jurisdiction of the**
 7 **department,** the commissioner finds it is in the public interest for the cost to
 8 be paid by the department;

9 **(B) for airports subject to the jurisdiction of the authority,**
 10 **the board of directors of the authority finds that it is in the public interest**
 11 **for the cost to be paid by the authority.**

12 * **Sec. 14.** AS 02.15.106 is amended to read:

13 **Sec. 02.15.106. Encroachment permits.** An encroachment may be
 14 constructed, placed, changed, or maintained across or within an airport, but only in
 15 accordance with regulations or procedures adopted by the department **for airports**
 16 **subject to the jurisdiction of the department or with rules adopted by the**
 17 **authority for airports subject to the jurisdiction of the authority.** An
 18 encroachment may not be constructed, placed, maintained, or changed until **the**
 19 **encroachment** [IT] is authorized by a written permit issued by the department **or the**
 20 **authority,** unless the department **or the authority** provides otherwise by regulation
 21 **or rule.** The department **or the authority** may charge a fee for a permit **that it issues**
 22 [ISSUED] under this section.

23 * **Sec. 15.** AS 02.15.108 is amended to read:

24 **Sec. 02.15.108. Relocation or removal of encroachment.** If, incidental to
 25 the construction or maintenance of a state airport, the department **or the authority**
 26 determines and orders that an encroachment previously authorized by written permit
 27 must be changed, relocated, or removed, the owner of the encroachment shall change,
 28 relocate, or remove **the encroachment** [IT] within a reasonable time set by the
 29 department **or the authority** in the order. The cost of the change, relocation, or
 30 removal shall be paid as provided in AS 02.15.104(c). If the owner does not change,
 31 relocate, or remove an encroachment within the time set by the department **or the**

1 **authority**, the encroachment will be considered an unauthorized encroachment subject
2 to the provisions of AS 02.15.114.

3 * **Sec. 16.** AS 02.15.110 is amended to read:

4 **Sec. 02.15.110. Unauthorized encroachments.** If an unauthorized
5 encroachment exists in, on, under, or over a state airport, the department **or the**
6 **authority, as appropriate**, may require the removal of the encroachment, at the
7 expense of the owner, in the manner provided in AS 02.15.112 - 02.15.114.

8 * **Sec. 17.** AS 02.15.112 is amended to read:

9 **Sec. 02.15.112. Notice of removal of unauthorized encroachment.** **The**
10 **department or the authority, as appropriate, shall give notice to** [NOTICE
11 SHALL BE GIVEN] the owner, occupant, or person in possession of an unauthorized
12 encroachment, or to another person causing or permitting the encroachment to exist,
13 by serving upon any of them a notice demanding the removal of the encroachment
14 within a time limit set by the department **or the authority**. The notice must describe
15 the encroachment with reasonable certainty as to its character and location. Service of
16 the notice may be made by certified mail.

17 * **Sec. 18.** AS 02.15.114 is amended to read:

18 **Sec. 02.15.114. Removal at owner's expense after noncompliance; removal**
19 **expense.** After a failure of the owner of an unauthorized encroachment to comply
20 with a notice or order of the department **or the authority** under AS 02.15.104,
21 02.15.108, or 02.15.112, the department **or the authority, as appropriate**, may
22 remove the encroachment, or cause **the encroachment** [IT] to be removed. The
23 owner of the unauthorized encroachment shall pay to the department **or the authority**

24 (1) the expense of the removal of the encroachment;

25 (2) all costs and expenses paid by the state as a result of a claim or
26 claims filed against the state by third parties for damages due to delays because the
27 encroachment was not changed, removed, or relocated according to the order of the
28 department **or the authority**; and

29 (3) costs and expense of suit.

30 * **Sec. 19.** AS 02.15.120 is amended to read:

31 **Sec. 02.15.120. Assistance to construct, enlarge, or improve air navigation**

1 **facilities.** The department may match available funds with those of **the authority,**
 2 municipalities, federal agencies, or other state agencies, for project costs relating to the
 3 construction, enlargement, or improvement of airports. The department may assist
 4 persons in the construction, enlargement, and improvement of airports and air
 5 navigation facilities. The airports and facilities, until they are abandoned as such, shall
 6 be at all times available for the use of and accessible to the general public, and
 7 maintained as public airports and facilities.

8 * **Sec. 20.** AS 02.15.130 is amended to read:

9 **Sec. 02.15.130. Assistance to the federal government, municipalities, and**
 10 **other persons.** The department may make available its engineering, maintenance, and
 11 other services, with or without charge, to **the authority,** the federal government, [OR
 12 TO] a municipality, or **a** person in connection with the planning, acquisition,
 13 construction, improvement, maintenance, or operation of airports or air navigation
 14 facilities.

15 * **Sec. 21.** AS 02.15.205(a) is amended to read:

16 (a) A person **or the authority** may not construct, reconstruct, relocate, or
 17 extend an airport, airstrip, or private air facility within two miles of a federal-aid
 18 highway or proposed federal-aid highway without first obtaining the written approval
 19 of the commissioner, as provided by regulation.

20 * **Sec. 22.** AS 02.15.210 is amended to read:

21 **Sec. 02.15.210. Exclusive rights prohibited.** The department may not grant
 22 an exclusive right for the use of an airway, airport, or air navigation facility under its
 23 jurisdiction. This section does not prevent the making of contracts, leases, and other
 24 arrangements under AS 02.15.060 - 02.15.100 and 02.15.120, including exclusive
 25 contracts for the sale and delivery of in-bond merchandise [DESCRIBED IN
 26 AS 02.15.091].

27 * **Sec. 23.** AS 02.15.260 is amended by adding a new paragraph to read:

28 (18) "authority" means the Alaska Airport Authority.

29 * **Sec. 24.** AS 02.25.110(4) is amended to read:

30 (4) "department" means the Department of Transportation and Public
 31 Facilities **with regard to airports that are not subject to AS 02.45 and the Alaska**

1 **Airport Authority with regard to airports that are subject to AS 02.45;**

2 * **Sec. 25.** AS 02.25.110 is amended by adding a new paragraph to read:

3 (8) "regulation" includes rules adopted by the board of directors of the
4 Alaska Airport Authority.

5 * **Sec. 26.** AS 18.65.290(6) is amended to read:

6 (6) "police officer" means

7 (A) a full-time employee of the state or a municipal police
8 department with the authority to arrest and issue citations; detain a person
9 taken into custody until that person can be arraigned before a judge or
10 magistrate; conduct investigations of violations of and enforce criminal laws,
11 regulations, and traffic laws; search with or without a warrant persons,
12 dwellings, and other forms of property for evidence of a crime; and take other
13 action consistent with exercise of these enumerated powers when necessary to
14 maintain the public peace;

15 (B) an officer or employee of the **Alaska Airport Authority**
16 [DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES]
17 who is stationed at an international airport and has been designated to have the
18 general police powers authorized under **AS 02.45.220** [AS 02.15.230(a)];

19 (C) a University of Alaska public safety officer with general
20 police powers authorized under AS 14.40.043;

21 * **Sec. 27.** AS 19.10.270 is amended by adding a new subsection to read:

22 (d) In this section,

23 (1) "commissioner" means the commissioner of transportation and
24 public facilities with regard to airports not subject to AS 02.45 and the board of
25 directors of the Alaska Airport Authority with regard to airports subject to AS 02.45;

26 (2) "regulation" includes a rule adopted by the board of directors of the
27 Alaska Airport Authority.

28 * **Sec. 28.** AS 23.10.037(b) is amended to read:

29 (b) The provisions of (a) of this section do not apply to the state or a political
30 subdivision of the state when dealing with police officers in its employ or with persons
31 applying to be employed as police officers. In this subsection, "police officers"

1 includes officers and employees of the Alaska Airport Authority [DEPARTMENT
2 OF TRANSPORTATION AND PUBLIC FACILITIES] who are stationed at an
3 [INTERNATIONAL] airport operated by the authority and have been designated to
4 have the general police powers authorized under AS 02.45.220 [AS 02.15.230(a)].

5 * **Sec. 29.** AS 35.27 is amended by adding a new section to read:

6 **Sec. 35.27.025. Application to the Alaska Airport Authority.** This chapter
7 applies to the Alaska Airport Authority. Compliance with this chapter is the sole
8 responsibility of the Alaska Airport Authority with regard to the public buildings and
9 facilities of the authority.

10 * **Sec. 30.** AS 35.27.030(1) is amended to read:

11 (1) "building" or "facility" means a permanent improvement
12 constructed by the department or the Alaska Airport Authority; the term

13 (A) includes [, BUT IS NOT LIMITED TO,]

14 (i) schools, office buildings, and court buildings;

15 (ii) other buildings that [WHICH] the commissioner
16 determines are designed for substantial public use;

17 (iii) boats and vessels of the marine highway system;

18 (iv) transportation facilities that [WHICH]
19 accommodate traveling passengers;

20 (B) excludes other transportation facilities;

21 * **Sec. 31.** AS 36.10.180(a) is amended to read:

22 (a) The preferences established in AS 36.10.150 - 36.10.175 apply to work
23 performed

24 (1) under a contract for construction, repair, preliminary surveys,
25 engineering studies, consulting, maintenance work, or any other retention of services
26 necessary to complete a given project that is let by the state or an agency of the state, a
27 department, office, state board, commission, public corporation, or other
28 organizational unit of or created under the executive, legislative, or judicial branch of
29 state government, including the University of Alaska, the Alaska Airport Authority,
30 and the Alaska Railroad Corporation, or by a political subdivision of the state
31 including a regional school board with respect to an educational facility under

1 AS 14.11.020;

2 (2) on a public works project under a grant to a municipality under
3 AS 37.05.315 or AS 37.06.010;

4 (3) on a public works project under a grant to a named recipient under
5 AS 37.05.316;

6 (4) on a public works project under a grant to an unincorporated
7 community under AS 37.05.317 or AS 37.06.020; and

8 (5) on any other public works project or construction project that is
9 funded in whole or in part by state money.

10 * **Sec. 32.** AS 36.30.015(e) is amended to read:

11 (e) The board of directors of the Alaska Railroad Corporation, **the board of**
12 **directors of the Alaska Airport Authority**, and the board of directors of the Alaska
13 Aerospace Development Corporation shall adopt procedures to govern the
14 procurement of supplies, services, professional services, and construction. The
15 procedures must be substantially equivalent to the procedures prescribed in this
16 chapter and in regulations adopted under this chapter. Notwithstanding the other
17 provisions of this subsection, the Alaska Railroad Corporation, **the Alaska Airport**
18 **Authority**, and the Alaska Aerospace Development Corporation shall comply with
19 AS 36.30.170(b), and, when the Department of Transportation and Public Facilities
20 authorizes the Alaska Railroad Corporation to perform construction work instead of
21 the Department of Transportation and Public Facilities, the Alaska Railroad
22 Corporation shall use competitive sealed bidding or competitive sealed proposals
23 under AS 36.30.100 - 36.30.270 to procure the supplies, services, professional
24 services, and construction services necessary for the work and, to ensure the state
25 obtains the lowest cost for the project, may submit a bid or proposal for the work.

26 * **Sec. 33.** AS 36.30.050(c) is amended to read:

27 (c) The lists may be used by the chief procurement officer or an agency when
28 issuing invitations to bid or requests for proposals under this chapter. The lists may be
29 used by the legislative council, the court system, **the Alaska Airport Authority**, and
30 the Alaska Railroad Corporation.

31 * **Sec. 34.** AS 36.30.850(b)(8) is amended to read:

1 (8) acquisitions or disposals of property and other contracts relating to
 2 airports under AS 02.15.070, 02.15.090, AS 02.45.120, 02.45.200, 02.45.210
 3 [02.15.091], and AS 44.88;

4 * **Sec. 35.** AS 36.30.990(1) is amended to read:

5 (1) "agency"

6 (A) means a department, institution, board, commission,
 7 division, authority, public corporation, the Alaska Pioneers' Home, or other
 8 administrative unit of the executive branch of state government;

9 (B) does not include

10 (i) the University of Alaska;

11 (ii) the Alaska Railroad Corporation;

12 (iii) the Alaska Housing Finance Corporation;

13 (iv) a regional Native housing authority created under
 14 AS 18.55.996 or a regional electrical authority created under
 15 AS 18.57.020;

16 (v) the Department of Transportation and Public
 17 Facilities, in regard to the repair, maintenance, and reconstruction of
 18 vessels, docking facilities, and passenger and vehicle transfer facilities
 19 of the Alaska marine highway system;

20 (vi) the Alaska Aerospace Development Corporation;

21 (vii) the Alaska State Pension Investment Board;

22 (viii) the Alaska Seafood Marketing Institute;

23 **(ix) the Alaska Airport Authority;**

24 * **Sec. 36.** AS 37.05 is amended by adding a new section to article 1 to read:

25 **Sec. 37.05.055. Delegation to the Alaska Airport Authority.** The
 26 commissioner of administration may delegate the performance of the functions under
 27 this chapter as they relate to the Alaska Airport Authority to the authority and set the
 28 criteria and guidelines that shall be followed.

29 * **Sec. 37.** AS 37.15.415 is amended to read:

30 **Sec. 37.15.415. Continuing revenue bond debt service appropriation.** The
 31 amounts required annually to pay the principal, interest, and redemption premium on

1 all issued and outstanding international airports revenue bonds of the state are
 2 appropriated each fiscal year from the international airports revenue fund to the **board**
 3 [STATE BOND COMMITTEE] to make all required payments of principal, interest,
 4 and redemption premium.

5 * **Sec. 38.** AS 37.15.420(b) is amended to read:

6 (b) The bond resolution may provide for the investment of money in the
 7 construction fund in a manner that the **board** [COMMITTEE] may determine. The
 8 interest earned upon or any profits derived from the sale of this investment shall be
 9 deposited in and become a part of the construction fund.

10 * **Sec. 39.** AS 37.15.420(c) is amended to read:

11 (c) By January 1 of each year, the **board** [COMMISSIONER OF
 12 TRANSPORTATION AND PUBLIC FACILITIES] shall submit to the legislature an
 13 annual spending plan that contains information regarding the planned expenditure of
 14 money from the construction fund during the next fiscal year. The spending plan must
 15 include

16 (1) the total amount of money to be spent from the construction fund;

17 (2) a description of the work to be performed on airport facilities that
 18 will be financed with money from the construction fund;

19 (3) the amount from the construction fund that will be spent under
 20 contracts with the private sector and a description of the goods or services to be
 21 provided to the state under each of the contracts;

22 (4) the amounts that the state will spend from the construction fund for
 23 purposes other than contract payments and a description of each of those purposes,
 24 including financing costs, administrative and other overhead costs, and contingencies.

25 * **Sec. 40.** AS 37.15.430(b) is amended to read:

26 (b) The investment of money in the revenue fund may be made in the manner
 27 that the **board** [COMMITTEE] may determine. The interest earned upon or any
 28 profits derived from the sale of this investment shall be deposited in and become a part
 29 of the revenue fund.

30 * **Sec. 41.** AS 37.15.440 is amended to read:

31 **Sec. 37.15.440. Redemption fund.** There is another special fund of the state,

1 known as the "International Airports Revenue Bond Redemption Fund," which is a
 2 trust fund for paying and securing the payment of the principal of and interest and
 3 redemption premium, if any, on the bonds and which shall be at all times completely
 4 segregated and set apart from all other funds of the state. The **board** [COMMITTEE],
 5 on behalf of the state, shall obligate and bind the state to set aside and pay into the
 6 bond redemption fund any part or parts of, or all of, or a fixed proportion of, or a fixed
 7 amount of the money in the revenue fund sufficient to pay the principal of and interest
 8 and redemption premium, if any, on the bonds as the payments become due and, if **the**
 9 **board** [IT] considers it necessary, to set aside and maintain reserves for this purpose.
 10 The bond redemption fund shall be drawn upon for the purpose of paying the principal
 11 of and interest and redemption premium, if any, on the bonds, and the bonds do not
 12 constitute a general obligation of the state.

13 * **Sec. 42.** AS 37.15.450(a) is amended to read:

14 (a) The bonds may be sold at public or private sale in the manner, in the
 15 amounts or series, and at the time or times that the **board** [COMMITTEE] determines.
 16 However, the bonds, or each series of **bonds** [THEM], shall be sold at such a price so
 17 that the effective interest rate over the life of the bonds does not exceed 11 percent per
 18 year or that rate of interest that is 125 percent of the rate of the Bond Buyer Index of
 19 20 Municipal Bond Average Yields for the week previous to the date of sale of the
 20 bonds, whichever is higher. Interest shall be payable annually or semiannually.

21 * **Sec. 43.** AS 37.15.450(b) is amended to read:

22 (b) The bonds mature at the time or times fixed by the **board** [COMMITTEE].
 23 The bonds may be subject to redemption before their fixed maturities as determined by
 24 the **board** [COMMITTEE] and with a premium or premiums fixed by the **board**
 25 [COMMITTEE], but a bond is not subject to redemption before its fixed maturity date
 26 unless the right so to redeem that bond is expressly mentioned on the face of the bond.
 27 The bonds may be in denominations determined by the **board** [COMMITTEE]; may
 28 be issued in coupon form or in fully registered form, and may be registrable as to
 29 principal or both principal and interest, all under **rules** [REGULATIONS] and
 30 conditions that the **board** [COMMITTEE] shall provide; shall be payable as to
 31 principal and interest at such place or places as may be determined by the **board**

1 [COMMITTEE]; shall be signed on behalf of the state by the governor and shall be
 2 attested by the lieutenant governor, both of which signatures may be facsimile
 3 signatures; shall have the seal of the state impressed, printed, or lithographed on them,
 4 and each of the interest coupons attached to them shall be signed by the facsimile
 5 signatures of these officials; shall be issued under and subject to such terms,
 6 conditions, and covenants providing for the payment of the principal of them and
 7 interest on them and such other terms, conditions, covenants, and protective features
 8 safeguarding this payment and relating to the maintenance, operation, and
 9 improvement of the airports as found necessary by the **board** [COMMITTEE], which
 10 covenants may include a provision requiring the setting aside and maintenance of
 11 certain reserves to secure the payment of this principal and interest. The **board**
 12 [COMMITTEE] may provide that any additional bonds authorized after June 27,
 13 1972, by the legislature to be payable out of the same source or sources as the bonds
 14 authorized as of that date may later be issued on a parity with the bonds authorized as
 15 of that date upon compliance with any conditions **that** [WHICH] the **board**
 16 [COMMITTEE] may prescribe.

17 * **Sec. 44.** AS 37.15.450(c) is amended to read:

18 (c) If found reasonably necessary, the **board** [COMMITTEE] may select a
 19 trustee or trustees for the holders of the bonds or any series of them, for the
 20 safeguarding and disbursement of any of the money in any of the funds created by
 21 AS 37.15.420, 37.15.430, and 37.15.440, or for duties with respect to the
 22 authentication, delivery, and registration of the bonds as the **board** [COMMITTEE]
 23 may determine, and shall fix the rights, duties, powers, and obligations of the trustee
 24 or trustees.

25 * **Sec. 45.** AS 37.15.450(d) is amended to read:

26 (d) In its determination of all of the matters and questions relating to the
 27 issuance and sale of the bonds and the fixing of the maturities, terms, conditions, and
 28 covenants of **the bonds** [THEM] as provided in (a), (b), and (c) of this section, the
 29 decisions of the **board** [COMMITTEE] shall be those found to be reasonably
 30 necessary for the best interests of the state and its inhabitants, and those that will
 31 accomplish the most advantageous sale of the bonds, with due regard, however, to

1 necessary or normal costs of maintenance and operation, renewals, and replacements
 2 of and repairs to the airports and to all improvements to them and facilities of them
 3 owned, used, operated, or leased in connection with them, the future growth and
 4 expansion of the airports and all of such facilities, and the possibility of additional
 5 revenue bond financing for airports purposes. Any such decisions of the **board**
 6 [COMMITTEE], as expressed in any bond resolution, are final and conclusive when
 7 any bonds have been issued pursuant to the bond resolution.

8 * **Sec. 46.** AS 37.15.460 is amended to read:

9 **Sec. 37.15.460. Bond resolution.** The **board** [COMMITTEE] shall adopt the
 10 bond resolution and prepare all other documents and proceedings necessary for the
 11 issuance, sale, and delivery of the bonds or any part or series of **the bonds** [THEM].
 12 The bond resolution must fix the principal amount, denomination, date, maturities,
 13 place or places of payment, rights of redemption, if any, terms, form, conditions, and
 14 covenants of the bonds or each series of **the bonds** [THEM]. The **board**
 15 [COMMITTEE] shall also determine and provide for the date and manner of sale of
 16 the bonds, and shall provide whether the notice of sale is to be published elsewhere in
 17 addition to the publication required by AS 37.15.450.

18 * **Sec. 47.** AS 37.15.480 is amended to read:

19 **Sec. 37.15.480. Amounts required for payments.** The **board**
 20 [COMMITTEE] shall, before December 31 of each year, commencing with the year in
 21 which the bonds are issued, certify [TO THE COMMISSIONERS OF REVENUE
 22 AND TRANSPORTATION AND PUBLIC FACILITIES] the amounts required in the
 23 next ensuing calendar year by the bond resolution or resolutions to be paid out of the
 24 revenue fund into the bond redemption fund and to be paid into and maintained in any
 25 reserve fund or account or any other fund or account created by the bond resolution or
 26 resolutions, and shall also certify [TO THE COMMISSIONERS] the last date or dates
 27 upon which payments may be made.

28 * **Sec. 48.** AS 37.15.500 is amended to read:

29 **Sec. 37.15.500. Airport charges.** As provided in **AS 02.45.200, the board**
 30 [AS 02.15.090(a), THE COMMISSIONER OF TRANSPORTATION AND PUBLIC
 31 FACILITIES] shall fix and collect the fees, charges, and rentals derived by the state

1 from the ownership, lease, use, and operation of the airports and all of the facilities
 2 and improvements that will provide revenue sufficient to comply with all of the
 3 covenants of the bond resolution.

4 * **Sec. 49.** AS 37.15.510 is amended to read:

5 **Sec. 37.15.510. State improvements to airports.** The state is authorized to
 6 acquire, equip, construct, and install additions and improvements to and extensions of
 7 the airports, facilities for the landing, parking, loading, storing, repairing, safety, and
 8 utility of aircraft at the airports and passenger, freight, and terminal facilities,
 9 including safety equipment and devices at the airports, found to be necessary by the
 10 **board** [COMMISSIONER OF TRANSPORTATION AND PUBLIC FACILITIES].

11 * **Sec. 50.** AS 37.15.520(a) is amended to read:

12 (a) The bonds or any part of them may be refunded at or before their maturity
 13 by the issuance of refunding revenue bonds of the state if, in the opinion of the **board**,
 14 [COMMITTEE] refunding is advantageous to and in the best interests of the state and
 15 its inhabitants.

16 * **Sec. 51.** AS 37.15.520(b) is amended to read:

17 (b) The issuance of refunding bonds need not be authorized by an Act of the
 18 legislature, and the **board** [COMMITTEE] shall adopt the resolution or resolutions
 19 and prepare all other documents and proceedings necessary for the issuance, exchange
 20 or sale, and delivery of such bonds. All provisions of AS 37.15.410 - 37.15.550
 21 applicable to revenue bonds are applicable to the refunding bonds and to the issuance,
 22 sale, or exchange of them, except as otherwise provided in this section.

23 * **Sec. 52.** AS 37.15.550(3) is amended to read:

24 (3) "bond resolution" means the resolution or resolutions authorizing
 25 the issuance of bonds, adopted by the **board** [COMMITTEE] under AS 37.15.460;

26 * **Sec. 53.** AS 37.15.550 is amended by adding a new paragraph to read:

27 (10) "board" means the board of directors of the Alaska Airport
 28 Authority, or any other committee, body, department, or officer of the state that or
 29 who succeeds to the rights, powers, duties, and obligations of the board by Act of the
 30 legislature.

31 * **Sec. 54.** AS 38.05.030(b) is amended to read:

(b) The provisions of this chapter do not apply to any power, duty, or authority now or in the future granted to the Department of Transportation and Public Facilities **or the Alaska Airport Authority** in the name of the state, to acquire, use, lease, dispose of, or exchange real property, or any interest in real property. Land assigned by the division of lands to the Department of Transportation and Public Facilities **or the Alaska Airport Authority** shall be returned to the management of the division of lands when **the land** [IT] is no longer needed for the purposes assigned.

* **Sec. 55.** AS 38.05.030 is amended by adding a new subsection to read:

(h) Except for land that is required to be returned to the department under (b) of this section, the Alaska Airport Authority may dispose of real property (1) acquired by the authority under AS 02.45.120, or (2) acquired by the Department of Transportation and Public Facilities under AS 02.15.070 and transferred to the authority under provisions of the Act creating the authority. Land conveyed under this section to a municipality for less than fair market value shall be credited against the municipality's entitlement under AS 29.65.

* **Sec. 56.** AS 39.35 is amended by adding a new section to read:

Sec. 39.35.152. Alaska Airport Authority employees. (a) An employee of the Alaska Airport Authority who was an employee of the state on the day before the employee was transferred to the authority under sec. 63 of this Act shall be included in the system.

(b) An employee of the Alaska Airport Authority who is not covered under (a) of this section shall be included in the system on the effective date of the authority's participation in the system for that employee.

* **Sec. 57.** AS 39.50.200(b) is amended by adding a new paragraph to read:

(57) Alaska Airport Authority (AS 02.45.010).

* **Sec. 58.** AS 39.52.960(2) is amended to read:

(2) "agency" means a department, **the** office of the governor, or **an** entity in the executive branch, including but not limited to the University of Alaska, public or quasi-public corporations, boards or commissions, [AND] the Alaska Railroad Corporation, **and the Alaska Airport Authority;**

* **Sec. 59.** AS 39.52.960(4) is amended to read:

1 (4) "board or commission" means a board, commission, authority, or
 2 board of directors of a public or quasi-public corporation, established by statute in the
 3 executive branch, including the Alaska Railroad **Corporation and the Alaska**
 4 **Airport Authority**, but excluding members of a negotiated regulation making
 5 committee under AS 44.62.710 - 44.62.800;

6 * **Sec. 60.** AS 39.52.960(12) is amended to read:

7 (12) "instrumentality of the state" means a state agency or
 8 administrative unit, whether in the legislative, judicial, or executive branch, including
 9 such entities as the University of Alaska, the Alaska Railroad **Corporation, the**
 10 **Alaska Airport Authority**, and any public or quasi-public corporations, boards, or
 11 commissions; the term includes municipalities;

12 * **Sec. 61.** AS 44.42.020(a)(7) is amended to read:

13 (7) manage, operate, and maintain state transportation facilities and all
 14 docks, floats, breakwaters, and buildings, including all state highways, vessels,
 15 railroads, pipelines, **and** airports [,] and aviation facilities **other than airports and**
 16 **aviation facilities managed, operated, and maintained by the Alaska Airport**
 17 **Authority under AS 02.45**;

18 * **Sec. 62.** AS 44.88.080(25) is amended to read:

19 (25) to make cooperative agreements with the **Alaska Airport**
 20 **Authority** [DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES],
 21 acting on behalf of the international airports revenue fund established under
 22 AS 37.15.430, to acquire, equip, operate, maintain, construct, or install facilities that
 23 will enhance the competitiveness of the international airports **under the jurisdiction**
 24 **of the authority**, including a cooperative agreement to lend amounts from the
 25 international **airports** [AIRPORT] revenue fund to finance the development or
 26 improvement of utilities serving the airports;

27 * **Sec. 63.** The uncodified law of the State of Alaska is amended by adding a new section to
 28 read:

29 TRANSITION. (a) Real and personal state property used and controlled by the Ted
 30 Stevens Anchorage International Airport or the Fairbanks International Airport on the
 31 effective date of this subsection shall be transferred to the Alaska Airport Authority. Real and

1 personal state property used for airport purposes at the Cold Bay Airport on the effective date
2 of this subsection shall be transferred to the Alaska Airport Authority.

3 (b) All employees of the Department of Transportation and Public Facilities assigned
4 to the management, operation, and maintenance of the Ted Stevens Anchorage International
5 Airport, the Fairbanks International Airport, or the Cold Bay Airport on the effective date of
6 this subsection shall be transferred to the Alaska Airport Authority as employees of the
7 authority.

8 (c) Classified state employees transferred to the Alaska Airport Authority under (b) of
9 this section retain the rights and status of state employees until the expiration dates of the
10 collective bargaining agreements covering those employees that are in effect on the effective
11 date of (b) of this section.

12 (d) The Alaska Airport Authority is bound by the collective bargaining agreements
13 covering employees transferred to the authority under (b) of this section for the terms of the
14 agreements.

15 (e) Notwithstanding AS 02.45.900(a), as added by sec. 2 of this Act, and (c) and (d)
16 of this section, the Alaska Airport Authority shall operate under personnel rules adopted
17 under AS 39 until January 1, 2003, or until the authority adopts its own personnel rules under
18 AS 02.45.100(b), as added by sec. 2 of this Act, whichever occurs first.

19 * **Sec. 64.** The uncodified law of the State of Alaska is amended by adding a new section to
20 read:

21 INTERIM MANAGEMENT OF THE AIRPORTS. (a) Notwithstanding other
22 provisions of this Act, until the board of directors of the Alaska Airport Authority convenes
23 its first meeting, the commissioner of transportation and public facilities shall manage the
24 state-owned and state-operated international airports at Anchorage and Fairbanks and the
25 state-owned and state-operated airport at Cold Bay under applicable laws that are in effect on
26 the day before the effective date of sec. 1 of this Act.

27 (b) Notwithstanding AS 02.45.060, as added by sec. 2 of this Act, the commissioner
28 of transportation and public facilities is the chair pro tempore of the board of directors of the
29 Alaska Airport Authority until the board elects a chair from among its members at its first
30 meeting.

31 (c) The board of directors of the Alaska Airport Authority shall convene its first

1 meeting after appointment of at least the two members appointed under AS 02.45.020(a)(1),
 2 as added by sec. 2 of this Act, the two members appointed under AS 02.45.020(a)(2), as
 3 added by sec. 2 of this Act, and the member appointed under AS 02.45.020(a)(3), as added by
 4 sec. 2 of this Act.

5 * **Sec. 65.** The uncodified law of the State of Alaska is amended by adding a new section to
 6 read:

7 INITIAL APPOINTMENTS. (a) Notwithstanding AS 02.45.020, as added by sec. 2
 8 of this Act, one person initially appointed to serve on the board of directors of the Alaska
 9 Airport Authority under AS 02.45.020(a)(1) shall serve as a member of the board until
 10 December 31, 2003, and the other person initially appointed to serve on the board under
 11 AS 02.45.020(a)(1) shall serve as a member of the board until December 31, 2005.

12 (b) Notwithstanding AS 02.45.020, as added by sec. 2 of this Act, one person initially
 13 appointed to serve on the board of directors of the Alaska Airport Authority under
 14 AS 02.45.020(a)(2) shall serve as a member of the board until December 31, 2003, and the
 15 other person initially appointed to serve on the board under AS 02.45.020(a)(2) shall serve as
 16 a member of the board until December 31, 2005.

17 (c) Notwithstanding AS 02.45.020, as added by sec. 2 of this Act, two persons
 18 initially appointed to serve on the board of directors of the Alaska Airport Authority under
 19 AS 02.45.020(a)(3) or (4) shall serve as members of the board until December 31, 2004, and
 20 the other person initially appointed to serve on the board under AS 02.45.020(a)(3) or (4)
 21 shall serve as a member of the board until December 31, 2002. The governor shall designate
 22 which initial term a person appointed under AS 02.45.020(a)(3) or (4) shall serve under this
 23 subsection.

24 * **Sec. 66.** The uncodified law of the State of Alaska is amended by adding a new section to
 25 read:

26 TRANSFER OF RESPONSIBILITY FOR INTERNATIONAL AIRPORTS
 27 REVENUE BONDS. All rights, duties, powers, obligations, and authorities of the state bond
 28 committee in regard to international airports revenue bonds under AS 37.15.410 - 37.15.550
 29 are transferred to the Alaska Airport Authority.

30 * **Sec. 67.** The uncodified law of the State of Alaska is amended by adding a new section to
 31 read:

1 SAVING CLAUSE. Litigation, hearings, investigations, and other proceedings
2 pending under a law amended or repealed by this Act, or in connection with functions
3 transferred by this Act, continue in effect and may be continued and completed
4 notwithstanding a transfer or amendment or repeal provided for by this Act. Regulations
5 adopted under authority of a law amended or repealed by this Act remain in effect for the term
6 adopted or until repealed or otherwise amended under the provisions of this Act.

7 * **Sec. 68.** AS 02.15.091, 02.15.260(13); and AS 39.25.120(c)(11) are repealed.

8 * **Sec. 69.** AS 37.15.550(5), 37.15.550(6), and 37.15.550(7) are repealed.

9 * **Sec. 70.** AS 02.45.900 and 02.45.910, as added by sec. 2 of this Act, and secs. 61, 63, and
10 68 of this Act take effect on the day on which the board of directors of the Alaska Airport
11 Authority convenes its first meeting. The commissioner of transportation and public facilities
12 shall inform the revisor of statutes and the lieutenant governor of the date on which the board
13 of directors of the Alaska Airport Authority convenes its first meeting.

14 * **Sec. 71.** AS 02.45.350, as added by sec. 2 of this Act, and secs. 37 - 53, 62, 66, and 69 of
15 this Act take effect on January 1 of the calendar year following the calendar year in which the
16 board of directors of the Alaska Airport Authority convenes its first meeting. The
17 commissioner of transportation and public facilities shall inform the revisor of statutes and the
18 lieutenant governor of the date on which the board of directors of the Alaska Airport
19 Authority convenes its first meeting.

20 * **Sec. 72.** Except as provided by secs. 70 and 71 of this Act, this Act takes effect July 1,
21 2002.