

1 IN THE HOUSE

BY PEARCE AND HANLEY

2

SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 173

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act relating to the international airports in

7

Anchorage and Fairbanks and establishing the Alaska

8

International Airport Authority; and providing for an

9

effective date."

10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

11 * Section 1. FINDINGS AND PURPOSE. (a) The Alaska State Legislature
12 finds that the state-owned and state-operated international airports at
13 Anchorage and Fairbanks are critical links in air transportation between
14 the Orient, Europe, and North America and are the major points of access to
15 Alaska for international and interstate air travelers. In order to protect
16 and maintain the viability and competitive position of the Anchorage and
17 Fairbanks international airports, it is in the best interest of the state
18 to vest management of these airports in an independent authority that can
19 provide effective marketing of the airports; efficient, responsive, and
20 integrated management of the airports; and competitive services and facil-
21 ities to users of the airports.

22 (b) The purpose of this Act is to establish an authority for the
23 operation, management, planning, and construction of facilities for the
24 state-owned and state-operated international airports.

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

26 CHAPTER 40. ALASKA INTERNATIONAL AIRPORT AUTHORITY.

27 ARTICLE 1. CREATION AND ORGANIZATION.

28 Sec. 02.40.010. ALASKA INTERNATIONAL AIRPORT AUTHORITY. (a)

29 The Alaska International Airport Authority is established. The

1 authority is a public corporation of the state. The corporation is an
2 instrumentality of the state in the Department of Transportation and
3 Public Facilities but has a legal existence independent of and sepa-
4 rate from the state and has continuing succession until its existence
5 is terminated by law.

6 (b) The authority is the exclusive state agency responsible for
7 the operation, management, planning, marketing, and construction of
8 facilities for the state-owned and state-operated international air-
9 ports located at Fairbanks and Anchorage.

10 Sec. 02.40.020. BOARD OF DIRECTORS. (a) The powers of the
11 authority are vested in the board of directors. The board consists of
12 the commissioner of transportation and public facilities, or the com-
13 missioner's designee, and four qualified members appointed by the
14 governor. Except for the commissioner, a member may not be employed
15 by the state, including the University of Alaska, or hold elective
16 state or municipal office.

17 (b) Two members shall be residents of the Municipality of
18 Anchorage. One of these two members shall be nominated by the munici-
19 pal assembly. The governor shall appoint or reject the person nom-
20 inated by the assembly. If the governor rejects the nominee, the
21 assembly shall nominate another qualified person.

22 (c) Two members shall reside within the geographic boundaries of
23 the Fairbanks North Star Borough. One of these two members shall be
24 nominated by the borough assembly. The governor shall appoint or
25 reject the person nominated by the assembly. If the governor rejects
26 the nominee, the assembly shall nominate another qualified person.

27 (d) The appointed members serve for staggered terms of four
28 years. A member holds office for the term of the member's appointment
29 and until a successor is appointed and qualified. A member may be

1 reappointed. A vacancy in the membership occurring other than by
2 expiration of term shall be filled in the same manner as the original
3 appointment but only for the unexpired term.

4 (e) The members shall comply with the requirements of AS 39.50
5 (conflict of interest).

6 (f) Except for the commissioner and the commissioner's designee,
7 the members of the board shall be confirmed by a majority of the
8 members of the legislature in joint session. A member appointed by
9 the governor has the powers and responsibilities of a confirmed board
10 member until the member is rejected by the legislature or the legisla-
11 ture adjourns without confirming the member.

12 Sec. 02.40.030. COMPENSATION AND EXPENSES. (a) An appointed
13 member of the board is entitled to compensation not to exceed \$400 for
14 each day the member is engaged in the actual performance of duties as
15 a member of the board for a maximum of 60 days in a calendar year.
16 The board may provide by rule for compensation for partial days during
17 which an appointed member is engaged in actual performance of duties
18 as a member of the board.

19 (b) In addition to compensation under (a) of this section, an
20 appointed member of the board is entitled to per diem and travel
21 expenses authorized by law for state boards and commissions under
22 AS 39.20.180.

23 Sec. 02.40.040. REMOVAL OF MEMBERS. The governor may remove an
24 appointed member for cause, including incompetence, neglect of duty,
25 or misconduct in office. Before a member is removed for cause, the
26 member shall be given a copy of the charges and afforded an opportuni-
27 ty to publicly present a defense in person or by counsel upon not less
28 than 10 days' notice. If a member is removed for cause, the governor
29 shall file with the lieutenant governor a complete statement of all

1 charges made against the member and the governor's findings based on
2 the charges, together with a complete record of the proceedings.

3 Sec. 02.40.050. MEETINGS. (a) The board shall meet at least
4 four times each year.

5 (b) The board shall meet at the call of the chair or at the
6 request of three members of the board.

7 Sec. 02.40.060. OFFICERS AND QUORUM. (a) The board shall elect
8 one of its appointed members as chair and one of its appointed members
9 as vice-chair. The board shall elect a secretary who need not be a
10 member.

11 (b) Three members of the board constitute a quorum. Action may
12 be taken and motions and resolutions adopted by the board at a meeting
13 by the affirmative vote of at least three members. A vacancy in the
14 membership of the board does not impair the right of a quorum to
15 exercise all the powers and perform all the duties of the board.

16 (c) Members may not vote by proxy.

17 Sec. 02.40.070. STAFF. (a) The board shall employ an executive
18 director who serves at the pleasure of the board as its chief admin-
19 istrative officer. The executive director shall be selected on the
20 basis of education, experience, training, and expertise in management.
21 The executive director may select and employ additional staff as
22 necessary.

23 (b) The board shall employ a controller who serves at the plea-
24 sure of the board. The controller is responsible for the fiscal
25 management of the authority and shall prepare financial reports and
26 perform other duties assigned by the authority.

27 (c) The executive director, with the concurrence of the board,
28 shall employ airport directors. Airport directors shall be selected
29 on the basis of education, experience, training, and expertise in

1 management of airports.

2 (d) The board may employ or contract for legal counsel to repre-
3 sent or to advise it.

4 ARTICLE 2. POWERS AND DUTIES.

5 Sec. 02.40.100. POWERS AND DUTIES OF AUTHORITY. (a) In addi-
6 tion to other powers granted in this chapter, the authority may

7 (1) sue and be sued;
8 (2) adopt and alter an official seal;
9 (3) maintain an office in the state;
10 (4) acquire, hold, use, and dispose of its money, subject
11 to appropriation by the legislature;

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

14 (6) operate, maintain, and improve airport facilities;

15 (7) assign duties to the executive director and to the
16 controller; and

17 (8) do all acts necessary to carry out this chapter that
18 are not expressly prohibited by law.

19 (b) The authority shall adopt and enforce

20 (1) rules for the conduct of its business and for the use
21 of its services and facilities;

22 (2) a code of ethics for its directors and employees that
23 is substantially equivalent to that in AS 39.52;

24 (3) personnel rules necessary to establish a system of
25 personnel administration substantially equivalent to the state person-
26 nel rules adopted under AS 39.

27 Sec. 02.40.110. PUBLIC NATURE OF AUTHORITY ACTIVITIES. The
28 planning, construction, improvement, maintenance, equipment, and
29 operation of an airport, whether by the authority separately or

1 jointly with another state agency, municipality, or person, and the
2 exercise of other powers granted to the authority are public and
3 governmental functions, exercised for a public purpose, and matters of
4 public necessity. Land and other property and privileges acquired and
5 used by or on behalf of the authority for the purposes enumerated in
6 this chapter are acquired and used for public and governmental pur-
7 poses and as a matter of public necessity.

8 Sec. 02.40.120. ACQUISITION OF LAND AND EASEMENTS. The authori-
9 ty, as part of the cost of constructing, maintaining, or improving
10 airport facilities, may acquire by purchase, gift, exchange, or emi-
11 nent domain land in fee simple or easements that it considers neces-
12 sary for present or future public use, either temporary or permanent,
13 including easements in airport hazards or land outside the boundaries
14 of an airport, necessary to permit the removal, elimination, obstruc-
15 tion-marking or obstruction-lighting of airport hazards, or to prevent
16 the establishment of airport hazards. By the same means, the authori-
17 ty may obtain material, including clay, gravel, sand, or rock, or the
18 land necessary to obtain the material. The authority may acquire the
19 land or material notwithstanding the fact that title to it is vested
20 in the state or a department, agency, commission, or institution of
21 the state.

22 Sec. 02.40.130. AUTHORITY TO ACQUIRE PROPERTY FOR THE PURPOSE OF
23 EXCHANGE. When the authority declares that it is in the best public
24 interest of the state to do so, the authority may acquire by purchase,
25 gift, exchange, or eminent domain privately or publicly owned land or
26 an interest in it for the purpose of exchanging it for privately or
27 publicly owned land that the authority is authorized by law to ac-
28 quire.

29 Sec. 02.40.140. EMINENT DOMAIN. (a) The authority may exercise

1 the power of eminent domain under AS 09.55.240 - 09.55.460 to acquire
2 land for airport purposes consistent with this chapter. Notwithstand-
3 ing AS 09.55.250, the authority may acquire a fee simple title whenev-
4 er, in the judgment of the authority, ownership of a fee simple title
5 is necessary to carry out the purposes of this chapter.

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

8 (c) The exercise of the power of eminent domain requires the
9 prior approval of the governor.

10 Sec. 02.40.150. INDEMNIFICATION. (a) The authority may defend
11 and indemnify a current or former member of the board, employee, or
12 agent of the authority against all costs, expenses, judgments, and
13 liabilities, including attorney's fees, incurred by or imposed upon
14 that person in connection with a civil or criminal action in which the
15 person is involved by affiliation with the authority, if the person
16 acted in good faith on behalf of the authority and within the scope of
17 official duties or powers.

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

27 Sec. 02.40.160. FIDELITY BOND. The authority shall obtain a
28 fidelity bond in an amount determined by the board for board members
29 and each executive officer responsible for accounts and finances. A

1 bond must be in effect during the entire tenure in office of the
2 bonded person.

3 Sec. 02.40.170. INSURANCE. Except as provided in AS 02.40.150-
4 (b), the authority shall protect its assets, services, and employees
5 by purchasing insurance or providing for certain self-insurance re-
6 tentions. The authority shall also maintain casualty, property, and
7 other insurance in amounts reasonably calculated to cover potential
8 claims against the authority or state for bodily injury, death, or
9 disability and property damage that may arise from or be related to
10 authority operations and activities.

11 ARTICLE 3. INTERNATIONAL AIRPORT FACILITIES.

12 Sec. 02.40.200. ACQUISITION AND MAINTENANCE OF AIRPORT FACIL-
13 ITIES. The authority may construct and operate airport facilities.
14 The authority shall repair and maintain these facilities.

15 Sec. 02.40.210. OPERATION AND USE PRIVILEGES. In operating an
16 airport or air navigation facility owned or controlled by the auth-
17 ority, the authority may enter into contracts, leases, and other
18 arrangements covering periods not exceeding 55 years with a person or
19 municipality or the United States, granting the privilege of using or
20 improving an airport or air navigation facility or a portion of it or
21 space in it for commercial or governmental purposes or conferring the
22 privilege of supplying goods, commodities, services, or facilities at
23 an airport or air navigation facility. The authority may establish
24 the terms and conditions and fix the charges, rentals, and fees for
25 the privileges or services that are reasonable and uniform for the
26 same class of privilege or service. These terms, conditions, charges,
27 rentals, and fees shall be established with due regard to the property
28 and improvements used and the expense of operation to the authority.
29 However, the public may not be deprived of its rightful, equal, and

1 uniform use of the airport or air navigation facility.

2 Sec. 02.40.220. SALE AND DELIVERY OF IN-BOND MERCHANDISE. (a)
3 As provided by (b) and (c) of this section, the authority shall allow
4 the sale and delivery of in-bond merchandise at an airport only by an
5 exclusive contract.

6 (b) If an exclusive contract for the sale and delivery of in-
7 bond merchandise at an airport exists on June 30, 1987, the authority
8 may not permit or confer a right on another person to offer to sell,
9 sell, or deliver in-bond merchandise at that airport except as
10 provided in (c) of this section.

11 (c) After exclusive contracts described in (b) of this section
12 expire, the authority shall enter into one exclusive contract and, on
13 its expiration, additional successive exclusive contracts for the sale
14 and delivery of in-bond merchandise at each airport. Except under the
15 existing and future exclusive contracts described in this section, the
16 authority may not permit or confer a right upon a person to offer to
17 sell, sell, or deliver in-bond merchandise at an airport.

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

22 (e) The authority shall actively supervise the operations under
23 each exclusive contract for the sale and delivery of in-bond merchan-
24 dise in order to ensure the effectiveness of the operations. To
25 supervise contract operations under this section, the authority shall
26 develop and implement guidelines that provide for review of the rea-
27 sonableness of price schedules, quality and assortment of merchandise,
28 and customer service.

29 (f) This section does not apply to deliveries of in-bond

1 merchandise as cargo to airlines.

2 Sec. 02.40.230. POLICE POWERS VESTED. The officers and em-
3 ployees of the authority who the authority may designate have general
4 police powers in aid of the enforcement of this chapter. The persons
5 designated under this section shall meet the minimum standards for
6 police officers adopted under AS 18.65.130 - 18.65.290.

7 Sec. 02.40.240. REGULATION OF GROUND TRANSPORTATION AT AIRPORTS.

8 (a) Notwithstanding the provisions of AS 02.40.210, the authority may
9 not exclude taxis, buses, or limousines that carry passengers for hire
10 or courtesy cars from the highways, parking facilities, or other
11 portions of an airport designated for operation or parking of ground
12 transportation vehicles. The authority may regulate by rule the op-
13 erations of taxis, buses, limousines, and courtesy cars as necessary
14 to promote efficient operation of an airport.

15 (b) In this section, "courtesy car" means a motor vehicle owned
16 or operated by a hotel, motel, or other place of public accommodation
17 for the transportation of its guests to and from the airport at the
18 request of the guest and for which service no charge is made to the
19 guest.

20 Sec. 02.40.250. RULES. (a) The authority shall adopt rules to
21 carry out its functions and the purposes of this chapter, including
22 rules to safeguard property owned by the authority and to protect
23 employees and persons using the authority's property or services. At
24 least 15 days before the adoption of a rule, the authority shall give
25 public notice of the proposed action by publishing a notice in at
26 least two newspapers of general circulation in the state and by mail-
27 ing a copy of the notice to each person who has requested notice of
28 proposed changes to its rules. The notice must state the time, place,
29 and nature of the proceedings and must contain a summary of the

1 subject of the proposed rule.

2 (b) On the date and at the time and place designated in the
3 notice required under (a) of this section, the authority shall provide
4 each interested person an opportunity to present statements in writing
5 concerning the proposed rule and shall give members of the public an
6 opportunity to present oral statements for a total period of at least
7 one hour.

8 (c) The authority shall consider all relevant matters presented
9 to it before adopting a rule. The authority may take action on a rule
10 that varies in content from the summary provided with the notice of
11 the proposed rule if the subject of the rule was reflected in the
12 summary in a way that provided reasonable notice to the public about
13 whether their interests could be affected by the authority's action on
14 that subject.

15 (d) The authority may establish in the bylaws of the corporation
16 additional procedures for adopting rules under this section.

17 Sec. 02.40.260. EMERGENCY RULES. (a) The authority shall
18 establish in the bylaws of the corporation a procedure for the adop-
19 tion of a rule on an emergency basis. An emergency rule may be adopt-
20 ed only when necessary for the orderly operation of the authority's
21 facilities or programs. The requirements of AS 02.40.250 do not apply
22 to actions under this section. However, within 10 days after the
23 adoption of a rule on an emergency basis the authority shall give
24 notice of its action that substantially complies with the notice
25 requirements of AS 02.40.250(a).

26 (b) An action under this section remains in effect for not more
27 than 120 days. To prevent an emergency rule from lapsing the author-
28 ity may adopt the same rule under AS 02.40.250 before the end of the
29 120-day period.

1 Sec. 02.40.270. VALIDITY OF RULES. (a) Failure to mail notice
2 to a person under AS 02.40.250(a) or 02.40.260(a) does not invalidate
3 an action taken by the authority.

4 (b) An interested person may challenge a rule adopted by the
5 authority by bringing an action in the superior court. In addition to
6 other grounds, a court may declare a rule invalid

7 (1) for substantial failure by the authority to comply with
8 AS 02.40.250 or 02.40.260; or

9 (2) if the rule was adopted under AS 02.40.260, upon the
10 grounds that the emergency rule was not necessary for the orderly
11 operation of the authority's facilities or programs.

12 ARTICLE 4. FISCAL PROCEDURES.

13 Sec. 02.40.300. BUDGET REQUEST. (a) The authority, on the date
14 and in the form and content prescribed by the governor after consulta-
15 tion with the legislative finance division, shall prepare and forward
16 to the governor and the legislative finance division a document con-
17 taining

18 (1) the goals and objectives of the authority and the
19 problem or need that the activities and operations of the authority
20 are intended to address;

21 (2) its proposed plans to implement the goals and objec-
22 tives, including estimates of future service needs, planned methods of
23 administration, proposed modification of existing services and estab-
24 lishment of new services, and the estimated resources needed to carry
25 out the proposed plan;

26 (3) the budget requested to carry out its proposed plans in
27 the succeeding fiscal year, including information reflecting the
28 expenditures during the last fiscal year, those authorized for the
29 current fiscal year, those proposed for the succeeding fiscal year, an

1 explanation of the services to be provided, the number of total posi-
2 tions for all persons employed or under contract by the authority for
3 personal services including those rendered for capital improvement
4 projects, the need for the services, the cost of the services, and
5 other information requested by the governor;

6 (4) a report of the receipts during the last fiscal year,
7 an estimate of the receipts during the current fiscal year, and an
8 estimate for the succeeding fiscal year;

9 (5) a statement of the performance and accomplishments of
10 the authority in each of the last four fiscal years;

11 (6) a statement of legislation required to implement the
12 proposed programs and financial plans;

13 (7) an assessment of the degree to which the overall pol-
14 icies of the authority, as expressed in rules adopted by the author-
15 ity, meet the objectives of the legislature in establishing the au-
16 thority;

17 (8) an evaluation of the advantages and disadvantages of
18 specific alternatives to existing or proposed program policies or
19 administrative methods.

20 (b) The authority's proposals prepared under (a) of this section
21 shall describe the relationships of the services to those of other
22 agencies, of other governments, and of nongovernmental bodies.

23 (c) If the authority fails to transmit the program and financial
24 information provided under (a) of this section on the specified date,
25 the governor may prepare the information.

26 (d) All goals and objectives, plans, programs, estimates, bud-
27 gets, and other documents forwarded to the governor by the authority
28 under this section are public information after the date they are
29 forwarded.

1 Sec. 02.40.310. PROGRAM EXECUTION. (a) Except as limited by
2 policy decisions of the governor, appropriations by the legislature,
3 and other provisions of law, the authority has power to administer its
4 programs and is responsible for the proper management of the airports.

5 (b) The governor may direct the withholding or reduction of
6 appropriations to the authority during the fiscal year only if the
7 governor determines that

8 (1) the planned expenditures can no longer be made due to
9 factors outside the control of the state that make the expenditure
10 factually impossible; or

11 (2) estimated receipts and surpluses will be insufficient
12 to provide for appropriations.

13 Sec. 02.40.320. ACCEPTANCE OF MONEY FROM FEDERAL AND OTHER
14 PUBLIC OR PRIVATE SOURCES. The authority may accept federal money,
15 and money from other public or private sources, subject to appropria-
16 tion by the legislature, to accomplish the purposes of this chapter.
17 Federal money accepted under this chapter shall be accepted and ex-
18 pended by the authority under the terms and conditions prescribed by
19 federal law and regulations.

20 Sec. 02.40.330. ANNUAL REPORT. By January 15 of each year, the
21 authority shall submit to the governor and the legislature a concise
22 report describing the operations, income, and expenditures for the
23 preceding fiscal year. The report shall include financial statements
24 audited by independent outside auditors.

25 Sec. 02.40.340. ANNUAL AUDIT. The authority shall have a cer-
26 tified audit of its financial records prepared annually by an indepen-
27 dent certified public accountant.

28 ARTICLE 5. GENERAL PROVISIONS.

29 Sec. 02.40.900. AUTHORITY EMPLOYEES. (a) Employees of the

1 authority are not employees of the state.

2 (b) Notwithstanding (a) of this section, employees of the au-
3 thority who were state employees the day before they were transferred
4 to the authority shall continue to participate in the supplemental
5 employee benefits program under AS 39.30.150 - 39.30.180 and in the
6 Public Employees' Retirement System under AS 39.35. The authority
7 shall pay the employer's contributions required under AS 39.30.150 -
8 39.30.180 and under AS 39.35.

9 Sec. 02.40.910. APPLICATION OF EXISTING LAWS. Unless specif-
10 ically provided otherwise in this chapter, the following laws do not
11 apply to the operations of the authority:

12 (1) AS 36.30, except as specifically provided in that
13 chapter;

14 (2) AS 37.07;

15 (3) AS 39, except as provided in this chapter;

16 (4) AS 44.62.010 - 44.62.300.

17 Sec. 02.40.990. DEFINITIONS. In this chapter, unless the con-
18 text requires otherwise,

19 (1) "airport" means the international airports owned and
20 operated by the state and located at Anchorage and Fairbanks;

21 (2) "authority" means the Alaska International Airport
22 Authority established by this chapter;

23 (3) "board" means the board of directors of the authority;
24 and

25 (4) "capital improvement" means a project for the construc-
26 tion, rehabilitation, rebuilding, enlarging, or improving of all or a
27 part of the international airport system, as determined by the author-
28 ity to be necessary or desirable for efficient operation of the inter-
29 national airports and to best serve the public.

1 Sec. 02.40.995. SHORT TITLE. This chapter may be cited as the
2 Alaska International Airport Authority Act.

3 * Sec. 3. AS 02.15.090 is amended to read:

4 Sec. 02.15.090. OPERATION AND USE PRIVILEGES. (a) [STATE
5 OPERATION.] In operating an airport or air navigation facility owned
6 or controlled by the state and subject to the jurisdiction of the
7 department, the department may enter into contracts, leases, and other
8 arrangements covering periods not exceeding 55 years with a person or
9 municipality or the United States, granting the privilege of using or
10 improving an airport or air navigation facility or a portion of it or
11 space in it for commercial or governmental purposes; or conferring the
12 privilege of supplying goods, commodities, services, or facilities at
13 an airport or air navigation facility. The department may establish
14 the terms and conditions and fix the charges, rentals, and fees for
15 the privileges or services, which are reasonable and uniform for the
16 same class of privilege or service. These terms, conditions, charges,
17 rentals, and fees shall be established with due regard to the property
18 and improvements used and the expense of operation to the state. In
19 no case shall the public be deprived of its rightful, equal, and
20 uniform use of the airport, air navigation facility, or portion of
21 them [THEREOF].

22 (b) [OTHER OPERATION.] The department may by contract or other
23 arrangement, upon a consideration fixed by it, grant to a [ANY] qual-
24 ified municipality or person for a reasonable period of time the
25 privilege of operating, as agent of the state or otherwise, an [ANY]
26 airport owned or controlled by the state and subject to the jurisdic-
27 tion of the department. A [NO] municipality or person granted that
28 privilege may not operate the airport other than as a public airport
29 or enter into a [ANY] contract, lease, or other arrangement in

1 connection with the operation that [WHICH] the department may not have
2 undertaken under (a) of this section.

3 * Sec. 4. AS 02.15.095 is amended to read:

4 Sec. 02.15.095. GROUND TRANSPORTATION: "COURTESY CARS." Not-
5 withstanding the provisions of AS 02.15.090(a), in operating an air-
6 port subject to the jurisdiction of the department, the department may
7 not exclude from the [STREETS, ROADS,] highways, parking facilities,
8 or other portions of the [A STATE-OPERATED] airport designated for
9 operation or parking of ground transportation vehicles, nor may the
10 department prohibit from picking up and discharging passengers, those
11 motor vehicles commonly known as "courtesy cars" owned or operated by
12 hotels, motels, or other similar places of public accommodation for
13 the transportation of their guests to and from the airport at the
14 request of the guest and for which service no charge is made to the
15 guest.

16 * Sec. 5. AS 02.15.102 is amended to read:

17 Sec. 02.15.102. USE OF AIRPORTS FOR UTILITIES. A utility facil-
18 ity may be constructed, placed, or maintained across, along, over,
19 under, or within

20 (1) a state airport, other than an airport subject to
21 AS 02.40, only under [IN ACCORDANCE WITH] regulations adopted or
22 procedures prescribed by the department and only if authorized by a
23 written permit issued by the department; or

24 (2) a state airport subject to AS 02.40, only under rules
25 adopted by the authority and only if authorized by a written permit
26 issued by the authority.

27 * Sec. 6. AS 02.15.104 is amended to read:

28 Sec. 02.15.104. RELOCATION OF UTILITY FACILITIES INCIDENT TO
29 AIRPORT PROJECTS. (a) If, incident to the construction of an airport

1 project, the department or authority determines and orders that a
2 utility facility located across, along, over, under, or within a state
3 airport subject to its jurisdiction must be changed, relocated, or
4 removed, the utility owning or maintaining the facility shall change,
5 relocate, or remove it under [IN ACCORDANCE WITH] the order, within a
6 reasonable time set by the department or the authority in the order.

7 (b) If the utility facility is not changed, relocated, or re-
8 moved under [IN ACCORDANCE WITH] the order, the [ANY] permit authoriz-
9 ing the facility issued by the department or the authority under
10 AS 02.15.102 becomes invalid and the facility is [WILL BE] considered
11 an unauthorized encroachment subject to the provisions of AS 02.15.-
12 114.

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

16 (1) by the department or the authority as a cost of airport
17 construction, if the utility facility is installed or authorized after
18 June 11, 1986, [THE EFFECTIVE DATE OF THIS ACT] under a utility permit
19 or a regulation and is installed in the location specified in the
20 permit;

21 (2) by the department or the authority as a cost of airport
22 construction, if the utility facility was installed before June 11,
23 1986, [THE EFFECTIVE DATE OF THIS ACT] under a utility permit or
24 utility easement and is in the location specified in the permit or
25 easement;

26 (3) by the department or the authority as a cost of airport
27 construction, if the utility facility was installed before the loca-
28 tion became part of a state airport or before permits were required;

29 (4) by the department or the authority as a cost of airport

1 construction, if the utility permit that requires the utility to pay
2 the relocation cost was issued more than five years before the con-
3 tract for the airport construction project was first advertised;

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

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

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

11 * Sec. 7. AS 02.15.106 is amended to read:

12 Sec. 02.15.106. ENCROACHMENT PERMITS. An encroachment may be
13 constructed, placed, changed, or maintained across or within an air-
14 port, but only under [IN ACCORDANCE WITH] regulations or procedures
15 adopted by the department for airports subject to the jurisdiction of
16 the department or only under rules adopted by the authority for air-
17 ports subject to the jurisdiction of the authority. An encroachment
18 may not be constructed, placed, maintained, or changed until it is
19 authorized by a written permit issued by the department or the author-
20 ity, unless the department or the authority provides otherwise by
21 regulation or rule.

22 * Sec. 8. AS 02.15.108 is amended to read:

23 Sec. 02.15.108. RELOCATION OR REMOVAL OF ENCROACHMENT. If,
24 incidental to the construction or maintenance of a state airport
25 subject to the jurisdiction of the department or the authority, the
26 department or the authority determines and orders that an encroachment
27 previously authorized by written permit must be changed, relocated, or
28 removed, the owner of the encroachment shall change, relocate, or
29 remove it within a reasonable time set by the department or the

1 authority in the order. The cost of the change, relocation, or
2 removal shall be paid as provided in AS 02.15.104(c). If the owner
3 does not change, relocate, or remove an encroachment within the time
4 set by the department or the authority, the encroachment will be
5 considered an unauthorized encroachment subject to the provisions of
6 AS 02.15.114.

7 * Sec. 9. AS 02.15.110 is amended to read:

8 Sec. 02.15.110. UNAUTHORIZED ENCROACHMENTS. If an unauthorized
9 encroachment exists in, on, under, or over a state airport subject to
10 the jurisdiction of the department or the authority, the department or
11 the authority may require the removal of the encroachment, at the
12 expense of the owner, in the manner provided in AS 02.15.112 - 02.15.-
13 114.

14 * Sec. 10. AS 02.15.112 is amended to read:

15 Sec. 02.15.112. NOTICE OF REMOVAL OF UNAUTHORIZED ENCROACHMENT.
16 Notice shall be given the owner, occupant, or person in possession of
17 an unauthorized encroachment, or to another person causing or permit-
18 ting the encroachment to exist, by serving upon any of them a notice
19 demanding the removal of the encroachment within a time limit set by
20 the department or the authority. The notice must describe the en-
21 croachment with reasonable certainty as to its character and location.
22 Service of the notice may be made by certified mail.

23 * Sec. 11. AS 02.15.114 is amended to read:

24 Sec. 02.15.114. REMOVAL AT OWNER'S EXPENSE AFTER NONCOMPLIANCE;
25 REMOVAL EXPENSE. After a failure of the owner of an unauthorized
26 encroachment to comply with a notice or order of the department or the
27 authority under AS 02.15.104, 02.15.108, or 02.15.112, the department
28 or the authority may remove the encroachment, or cause it to be re-
29 moved. The owner of the unauthorized encroachment shall pay to the

1 department or the authority

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

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

8 (3) costs and expense of suit.

9 * Sec. 12. AS 02.15.130 is amended to read:

10 Sec. 02.15.130. ASSISTANCE TO MUNICIPALITIES AND OTHER PERSONS.

11 The department may make available its engineering, maintenance, and
12 other services, with or without charge, to the federal government, to
13 the authority, or to a municipality or person in connection with the
14 planning, acquisition, construction, improvement, maintenance, or
15 operation of airports or air navigation facilities. The commissioner
16 of administration shall separately account for money that is generated
17 by the provision of services to nonstate entities under this section
18 and that the department deposits in the general fund. The annual
19 estimated balance in the account may be used by the legislature to
20 make appropriations to the department to carry out the purposes of
21 this section. The department may make available its engineering and
22 other technical services, with or without charge, to a [ANY] munici-
23 pality or person in connection with the planning, acquisition, con-
24 struction, improvement, maintenance, or operation of airports or air
25 navigation facilities.

26 * Sec. 13. AS 02.15.210 is amended to read:

27 Sec. 02.15.210. NO EXCLUSIVE RIGHTS GRANTED. The department may
28 not grant an exclusive right for the use of an airway, airport, or air
29 navigation facility under its jurisdiction. This section does not

1 prevent the making of contracts, leases, and other arrangements under
2 AS 02.15.060 - 02.15.100 and 02.15.120, including exclusive contracts
3 for the sale and delivery of in-bond merchandise [DESCRIBED IN AS 02.-
4 15.091].

5 * Sec. 14. AS 02.15.260 is amended by adding new paragraphs to read:

6 (19) "authority" means the Alaska International Airport
7 Authority created under AS 02.40.010;

8 (20) "highway" includes roads and streets.

9 * Sec. 15. AS 02.25.110(4) is amended to read:

10 (4) "department" means the Department of Transportation and
11 Public Facilities of this state with regard to airports that are not
12 subject to AS 02.40 and the Alaska International Airport Authority
13 with regard to airports that are subject to AS 02.40;

14 * Sec. 16. AS 35.27 is amended by adding a new section to read:

15 Sec. 35.27.025. APPLICATION TO ALASKA INTERNATIONAL AIRPORT
16 AUTHORITY. This chapter applies to the Alaska International Airport
17 Authority. Compliance with this chapter is the sole responsibility of
18 the authority with respect to the public buildings and facilities of
19 the authority.

20 * Sec. 17. AS 35.27.030(2) is amended to read:

21 (2) "building" or "facility" means a permanent improvement
22 constructed by the department or the Alaska International Airport
23 Authority; the term

24 (A) includes, but is not limited to,

25 (i) schools, office buildings, and court build-
26 ings;

27 (ii) other buildings which the commissioner deter-
28 mines are designed for substantial public use;

29 (iii) boats and vessels of the marine highway

1 system;
2 (iv) transportation facilities which accommodate
3 traveling passengers;
4 (B) excludes other transportation facilities; [.]

5 * Sec. 18. AS 36.10.180(a) is amended to read:

6 (a) The preferences established in AS 36.10.150 - 36.10.175 apply
7 to work performed

8 (1) under a contract for construction, repair, preliminary
9 surveys, engineering studies, consulting, maintenance work, or any
10 other retention of services necessary to complete a given project that
11 is let by the state or an agency of the state, a department, office,
12 state board, commission, public corporation, or other organizational
13 unit of or created under the executive, legislative, or judicial
14 branch of state government, including the University of Alaska, the
15 Alaska International Airport Authority, and the Alaska Railroad Corpo-
16 ration, or by a political subdivision of the state including a region-
17 al school board with respect to an educational facility under AS 14.-
18 11.020;

19 (2) on a public works project under a grant to a municipal-
20 ity under AS 37.05.315;

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

23 (4) on a public works project under a grant to an unincor-
24 porated community under AS 37.05.317; and

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

27 * Sec. 19. AS 36.30.015(e) is amended to read:

28 (e) The boards of directors of the Alaska Railroad Corporation,
29 the Alaska International Airport Authority, and the Alaska State

1 Building Authority shall adopt procedures to govern the procurement of
2 supplies, services, professional services, and construction by the
3 corporation. The procedures must be substantially equivalent to the
4 procedures prescribed in this chapter and in regulations adopted under
5 this chapter.

6 * Sec. 20. AS 36.30.050(c) is amended to read:

7 (c) The lists may be used by the chief procurement officer or an
8 agency when issuing invitations to bid or requests for proposals under
9 this chapter. The lists may be used by the Legislative Council, the
10 court system, the Alaska State Building Authority, the Alaska Interna-
11 tional Airport Authority, and the Alaska Railroad Corporation.

12 * Sec. 21. AS 36.30.850(b)(8) is amended to read:

13 (8) acquisitions or disposals of property and other con-
14 tracts relating to airports under AS 02.15.070 and [,] 02.15.090 [,]
15 AND 02.15.091];

16 * Sec. 22. AS 36.30.990(1) is amended to read:

17 (1) "agency" means a department, institution, board, com-
18 mission, division, authority, public corporation, the Alaska Pioneers'
19 Home, or other administrative unit of the executive branch of state
20 government, except for the University of Alaska, the Alaska State
21 Building Authority, the Alaska International Airport Authority, and
22 the Alaska Railroad Corporation; it does not include a regional Native
23 housing authority created under AS 18.55.996, or a regional electrical
24 authority created under AS 18.57.020;

25 * Sec. 23. AS 37.05 is amended by adding a new section to read:

26 Sec. 37.05.307. **APPLICABILITY TO ALASKA INTERNATIONAL AIRPORT**
27 **AUTHORITY.** The commissioner of administration may delegate the per-
28 formance of the functions under this chapter as they relate to the
29 Alaska International Airport Authority to the authority and set out

1 the criteria and guidelines that shall be followed. The commissioner
2 shall direct necessary stipulations and exercise monitoring respon-
3 sibility for conformance through the board of directors of the Alaska
4 International Airport Authority.

5 * Sec. 24. AS 37.15.480 is amended to read:

6 Sec. 37.15.480. AMOUNTS REQUIRED FOR PAYMENTS. The committee
7 shall, before December 31 of each year, commencing with the year in
8 which the bonds are issued, certify to the commissioner [COMMISSION-
9 ERS] of revenue and the controller of the authority [TRANSPORTATION
10 AND PUBLIC FACILITIES] the amounts required in the next ensuing calen-
11 dar year by the bond resolution or resolutions to be paid out of the
12 revenue fund into the bond redemption fund and to be paid into and
13 maintained in a [ANY] reserve fund or account or [ANY] other fund or
14 account created by the bond resolution or resolutions, and shall also
15 certify to the commissioner and the controller [COMMISSIONERS] the
16 last date or dates upon which payments may be made.

17 * Sec. 25. AS 37.15.500 is amended to read:

18 Sec. 37.15.500. AIRPORT CHARGES. The authority [COMMISSIONER OF
19 TRANSPORTATION AND PUBLIC FACILITIES] shall fix and collect the [SUCH]
20 fees, charges, and rentals derived by the state from the ownership,
21 lease, use, and operation of the airports and all of the facilities
22 and improvements of them or used in connection with them that [AS]
23 will provide revenues sufficient to comply with all of the covenants
24 of the bond resolution.

25 * Sec. 26. AS 37.15.510 is amended to read:

26 Sec. 37.15.510. STATE IMPROVEMENTS TO AIRPORTS. The state is
27 authorized to acquire, equip, construct, and install additions and
28 improvements to and extensions of the airports, facilities for the
29 landing, parking, loading, storing, repairing, safety, and utility of

1 aircraft at the airports and passenger, freight, and terminal facil-
2 ities, including safety equipment and devices at the airports, found
3 to be necessary by the authority [COMMISSIONER OF TRANSPORTATION AND
4 PUBLIC FACILITIES].

5 * Sec. 27. AS 37.15.550 is amended by adding a new paragraph to read:

6 (10) "authority" means the Alaska International Airport
7 Authority.

8 * Sec. 28. AS 38.05.030(b) is amended to read:

9 (b) The provisions of this chapter do not apply to a [ANY]
10 power, duty, or authority now or in the future granted to the Depart-
11 ment of Transportation and Public Facilities or the Alaska Interna-
12 tional Airport Authority in the name of the state, to acquire, use,
13 lease, dispose of, or exchange real property, or an [ANY] interest in
14 real property. Land assigned by the division of lands to the Depart-
15 ment of Transportation and Public Facilities or the Alaska Interna-
16 tional Airport Authority shall be returned to the management of the
17 division of lands when it is no longer needed for the purposes as-
18 signed.

19 * Sec. 29. AS 39.35 is amended by adding a new section to read:

20 Sec. 39.35.152. ALASKA INTERNATIONAL AIRPORT AUTHORITY EMPLOY-
21 EES. (a) An employee of the Alaska International Airport Authority
22 who was an employee of the state on the day before the employee was
23 transferred to the authority under AS 02.40 shall be included in the
24 system.

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

28 * Sec. 30. AS 39.50.200(b) is amended by adding a new paragraph to
29 read:

1 (49) Alaska International Airport Authority (AS 02.40.010).

2 * Sec. 31. AS 39.52.960(2) is amended to read:

3 (2) "agency" means a department, office of the governor, or
4 entity in the executive branch, including but not limited to the
5 University of Alaska, public or quasi-public corporations, and boards
6 or commissions, but excluding the Alaska International Airport Author-
7 ity and the Alaska Railroad Corporation;

8 * Sec. 32. AS 39.52.960(4) is amended to read:

9 (4) "board or commission" means a board, commission, au-
10 thority, or board of directors of a public or quasi-public corpora-
11 tion, established by statute in the executive branch, but excluding
12 the Alaska International Airport Authority and the Alaska Railroad;

13 * Sec. 33. AS 39.52.960(12) is amended to read:

14 (12) "instrumentality of the state" means a state agency or
15 administrative unit, whether in the legislative, judicial, or execu-
16 tive branch, including [SUCH ENTITIES AS] the University of Alaska,
17 the Alaska Railroad, the Alaska International Airport Authority, and
18 any public or quasi-public corporations, boards, or commissions; the
19 term includes municipalities;

20 * Sec. 34. AS 44.42.020(a)(7) is amended to read:

21 (7) manage, operate, and maintain state transportation
22 facilities and all docks, floats, breakwaters, and buildings, includ-
23 ing all state highways, vessels, railroads, pipelines, and airports
24 [,] and aviation facilities other than airports and aviation facil-
25 ities subject to AS 02.40;

26 * Sec. 35. TRANSITION. (a) Real and personal property used and con-
27 trolled by the Anchorage International Airport or the Fairbanks Interna-
28 tional Airport on July 1, 1987, shall be transferred to the Alaska Interna-
29 tional Airport Authority.

1 (b) All employees of the Department of Transportation and Public
2 Facilities assigned to the management, operation, and maintenance of the
3 Anchorage International Airport or the Fairbanks International Airport on
4 July 1, 1987, shall be transferred to the authority as employees of the
5 authority.

6 (c) Classified state employees transferred to the authority under (b)
7 of this section retain the rights and status of state employees until the
8 expiration dates of the collective bargaining agreements covering those
9 employees that are in effect on July 1, 1987.

10 (d) The authority is bound by the collective bargaining agreements
11 covering employees transferred to the authority under (b) of this section
12 for the terms of the agreements.

13 (e) Notwithstanding AS 02.40.900(a), as enacted by sec. 2 of this
14 Act, and (c) - (d) of this section, the authority shall operate under
15 personnel rules adopted under AS 39 until January 1, 1988, or until the
16 authority adopts its own personnel rules under AS 02.40.100(b), as enacted
17 by sec. 2 of this Act, whichever occurs first.

18 * Sec. 36. INITIAL APPOINTMENTS. Notwithstanding AS 39.05.055, one
19 member of the board of directors of the Alaska International Airport Au-
20 thority residing in the Municipality of Anchorage and one member residing
21 within the geographic boundaries of the Fairbanks North Star Borough shall
22 be appointed to an initial term of four years and the remaining members
23 shall be appointed to initial terms of two years. The governor shall
24 designate the initial terms of the members under this section at the time
25 the members are appointed.

26 * Sec. 37. AS 02.15.091; AS 37.15.550(5); and AS 39.25.120(14) are
27 repealed.

28 * Sec. 38. Except for secs. 19 - 22, this Act takes effect July 1,
29 1987.

1 * Sec. 39. Sections 19 - 22 of this Act take effect on the effective
2 date of sec. 2, ch. 106, SLA 1986.