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Referred: Transportation
& Finance

5-0811A

1 IN THE SENATE BY ABOOD AND UEHLING

2 SENATE BILL NO. 172

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. PURPOSE. The purpose of this Act is to establish an
12 authority for the operation, management, planning, and construction of
13 facilities for the state-owned and state-operated international airports.

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

15 CHAPTER 40. ALASKA INTERNATIONAL AIRPORT AUTHORITY.

16 ARTICLE 1. CREATION AND ORGANIZATION.

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

18 The Alaska International Airport Authority is established. The au-
19 thority is a public corporation of the state. The corporation is an
20 instrumentality of the state in the Department of Transportation and
21 Public Facilities but has a legal existence independent of and sepa-
22 rate from the state and has continuing succession until its existence
23 is terminated by law.

24 (b) The authority is the exclusive state agency responsible for
25 the operation, management, planning, effective marketing, and con-
26 struction of facilities for the state-owned and state-operated inter-
27 national airports located at Fairbanks and Anchorage.

28 Sec. 02.40.020. BOARD OF DIRECTORS. (a) The powers of the
29 authority are vested in the board of directors. The board consists of

1 the commissioner of transportation and public facilities and four
2 members appointed by the governor. Except for the commissioner, a
3 member may not be employed by the state, including the University of
4 Alaska, or hold elective state or municipal office.

5 (b) Two members shall be residents of the Municipality of
6 Anchorage. One of the two members shall be nominated by the munici-
7 pality. The governor shall appoint or reject the person nominated by
8 the municipality. If the governor rejects the nominee, the municipal-
9 ity shall nominate another qualified person.

10 (c) Two members shall be residents of either the Fairbanks North
11 Star Borough or the City of Fairbanks. One of the two members shall
12 be jointly nominated by the borough and the city. The governor shall
13 appoint or reject the person nominated by the borough and the city.
14 If the governor rejects the nominee, the borough and the city shall
15 jointly nominate another qualified person.

16 (d) The appointed members serve for staggered terms of four
17 years. A member holds office for the term of the member's appointment
18 and until a successor is appointed and qualified. A member may be
19 reappointed. A vacancy in the membership occurring other than by
20 expiration of term shall be filled in the same manner as the original
21 appointment but only for the unexpired term.

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

24 (f) Except for the commissioner, the members of the board shall
25 be confirmed by a majority of the members of the legislature in joint
26 session. A member appointed by the governor has the powers and re-
27 sponsibilities of a confirmed board member until the member is re-
28 jected by the legislature or the legislature adjourns without con-
29 firming the member.

1 Sec. 02.40.030. COMPENSATION AND EXPENSES. (a) An appointed
2 member of the board is entitled to compensation at a rate of \$250 for
3 each day the member is engaged in the actual performance of duties as
4 a member of the board for a maximum of 60 days in a calendar year.
5 The board may provide by rule for compensation for partial days during
6 which an appointed member is engaged in actual performance of duties
7 as a member of the board.

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

12 Sec. 02.40.040. REMOVAL OF MEMBERS. The governor may remove an
13 appointed member for cause, including incompetence, neglect of duty,
14 or misconduct in office. Before a member is removed for cause, the
15 member shall be given a copy of the charges and afforded an
16 opportunity to publicly present a defense in person or by counsel upon
17 not less than 10 days' notice. If a member is removed for cause, the
18 governor shall file with the lieutenant governor a complete statement
19 of all charges made against the member and the governor's findings
20 based on the charges, together with a complete record of the
21 proceedings.

22 Sec. 02.40.050. MEETINGS. (a) The board of the authority shall
23 meet at least annually.

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

26 Sec. 02.40.060. OFFICERS AND QUORUM. (a) The board shall elect
27 one of its members as chair. The board shall elect a secretary and a
28 treasurer who need not be members. The same person may be elected to
29 serve as both secretary and treasurer.

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

6 (c) Members may not vote by proxy.

7 Sec. 02.40.070. STAFF. (a) The board shall employ an executive
8 director who serves at the pleasure of the board as its chief admin-
9 istrative officer. The executive director shall be selected on the
10 basis of education, experience, training, and expertise in management.
11 The executive director may, with the approval of the board, select and
12 employ additional staff as necessary.

13 (b) The board shall employ a controller who serves at the plea-
14 sure of the board. The controller is responsible for the fiscal
15 management of the authority and shall prepare financial reports,
16 monitor the issuance and management of the debt of the authority,
17 and perform other duties assigned by the authority.

18 (c) The executive director, with the concurrence of the board,
19 shall employ airport managers. Airport managers shall be selected on
20 the basis of education, experience, training, and expertise in manage-
21 ment of airports.

22 (d) The board may contract for and engage the services of con-
23 sultants, and professional, technical, and financial advisers the
24 authority considers necessary for the purpose of developing informa-
25 tion, conducting hearings, studies, investigations or other proceed-
26 ings, or otherwise exercising its powers.

27 ARTICLE 2. POWERS AND DUTIES.

28 Sec. 02.40.100. POWERS OF AUTHORITY. In addition to other
29 powers granted in this chapter, the authority may

- 1 (1) sue and be sued;
- 2 (2) adopt and alter an official seal;
- 3 (3) adopt and enforce rules for the conduct of its business
- 4 and for the use of its services and facilities;
- 5 (4) maintain an office in the state;
- 6 (5) subject to appropriation by the legislature, acquire,
- 7 hold, use, and dispose of its money;
- 8 (6) acquire, hold, use, lease, rent, construct, and dispose
- 9 of property for its purposes;
- 10 (7) operate, maintain, and improve airport facilities;
- 11 (8) assign duties to the executive director and to the
- 12 controller; and
- 13 (9) do all acts necessary to carry out the powers expressly
- 14 granted or necessarily implied in this chapter.

15 Sec. 02.40.110. PUBLIC NATURE OF AUTHORITY ACTIVITIES. The
16 planning, construction, improvement, maintenance, equipment, and
17 operation of an airport, whether by the authority separately or
18 jointly with another state agency, municipality, or person, and the
19 exercise of other powers granted to the authority are public and
20 governmental functions, exercised for a public purpose, and matters of
21 public necessity. Land and other property and privileges acquired and
22 used by or on behalf of the authority for the purposes enumerated in
23 this chapter are acquired and used for public and governmental pur-
24 poses and as a matter of public necessity.

25 Sec. 02.40.120. ACQUISITION OF LAND AND EASEMENTS. The authori-
26 ty, as part of the cost of constructing, maintaining, or improving
27 airport facilities, may acquire by purchase, gift, exchange, or emi-
28 nent domain land in fee simple or easements that it considers neces-
29 sary for present or future public use, either temporary or permanent,

1 including easements in airport hazards or land outside the boundaries
2 of an airport, necessary to permit the removal, elimination, obstruc-
3 tion-marking or obstruction-lighting of airport hazards, or to prevent
4 the establishment of airport hazards. By the same means, the authori-
5 ty may obtain material, including clay, gravel, sand, or rock, or the
6 land necessary to obtain the material. The authority may acquire the
7 land or material notwithstanding the fact that title to it is vested
8 in the state or a department, agency, commission, or institution of
9 the state.

10 Sec. 02.40.130. AUTHORITY TO ACQUIRE PROPERTY FOR THE PURPOSE OF
11 EXCHANGE. When the authority declares that it is in the best public
12 interest of the state to do so, the authority may acquire by purchase,
13 gift, exchange, or eminent domain privately or publicly owned land or
14 an interest in it for the purpose of exchanging it for privately or
15 publicly owned land that the authority is authorized by law to ac-
16 quire.

17 Sec. 02.40.140. EMINENT DOMAIN. (a) The authority may exercise
18 the power of eminent domain under AS 09.55.240 - 09.55.460 to acquire
19 land for airport purposes consistent with this chapter. Notwithstand-
20 ing AS 09.55.250, the authority may acquire a fee simple title whenev-
21 er, in the judgment of the authority, ownership of a fee simple title
22 is necessary to carry out the purposes of this chapter.

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

25 (c) The exercise of the power of eminent domain requires the
26 prior approval of the governor.

27 Sec. 02.40.150. VACATING OF LAND OR RIGHTS IN LAND. The author-
28 ity may vacate land, or part of it, or rights in land acquired under
29 AS 02.40.140 for airport use by executing and filing a deed in the

1 appropriate recording district. Upon vacating, title reverts to the
2 persons, heirs, successors, or assigns in whom it was vested at the
3 time of the taking. The authority may transfer land no longer con-
4 sidered necessary for use to the Department of Natural Resources for
5 disposal.

6 ARTICLE 3. INTERNATIONAL AIRPORT FACILITIES.

7 Sec. 02.40.200. ACQUISITION AND MAINTENANCE OF AIRPORT FACIL-
8 ITIES. The authority may construct and operate airport facilities.
9 The authority shall repair and maintain these facilities.

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

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

1 (b) While the exclusive contracts for the sale and delivery of
2 in-bond merchandise at airports that exist on June 30, 1987, are in
3 effect, the authority may not permit or confer a right on another
4 person to offer to sell, sell, or deliver in-bond merchandise at an
5 airport.

6 (c) After the exclusive contracts existing on June 30, 1987, are
7 no longer in effect, the authority shall enter into one exclusive
8 contract and, on its expiration, additional successive exclusive
9 contracts for the sale and delivery of in-bond merchandise at each
10 airport. Except under the existing and future exclusive contracts
11 described in this section, the authority may not permit or confer a
12 right upon a person to offer to sell, sell, or deliver in-bond mer-
13 chandise at an airport.

14 (d) The authority shall offer the exclusive contracts required
15 by this section by competitive bid and shall award the contracts after
16 considering the generation of maximum revenue for the International
17 Airports Revenue Fund established by AS 37.15.430.

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

25 (f) This section does not apply to deliveries of in-bond mer-
26 chandise as cargo to airlines.

27 Sec. 02.40.230. POLICE POWERS VESTED. (a) The officers and
28 employees of the authority who the authority may designate have gener-
29 al police powers in aid of the enforcement of this chapter.

1 (b) Upon bilateral agreement, the authority may designate indi-
2 viduals licensed under AS 18.65.400 - 18.65.490 and police officers
3 employed by the state or its political subdivisions to be present
4 during the final passenger screening process before the boarding of
5 each flight required to be in compliance with passenger screening
6 regulations of the Federal Aviation Administration. Persons
7 designated under this section, while performing their duties under
8 that agreement, have the general police powers set out in (a) of this
9 section.

10 Sec. 02.40.240. COURTESY CARS. (a) Notwithstanding the pro-
11 visions of AS 02.40.210, the authority may not exclude courtesy cars
12 from the highways, parking facilities, or other portions of an airport
13 designated for operation or parking of ground transportation vehicles;
14 nor may the authority prohibit courtesy cars from picking up and
15 discharging passengers.

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

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

1 and nature of the proceedings and must contain a summary of the sub-
2 ject of the proposed rule.

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

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

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

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

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

1 the 120-day period.

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

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

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

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

13 ARTICLE 4. FISCAL PROCEDURES.

14 Sec. 02.40.300. BUDGET REQUEST. (a) The authority, on the date
15 and in the form and content prescribed by the governor after
16 consultation with the legislative finance division, shall prepare and
17 forward to the governor and the legislative finance division a
18 document containing

19 (1) the goals and objectives of the authority;

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

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

1 positions for all persons employed or under contract by the authority
2 for personal services including those rendered for capital improvement
3 projects, the need for the services, the cost of the services, and
4 other information requested by the governor;

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

8 (5) a statement of legislation required to implement the
9 proposed programs and financial plans;

10 (6) an evaluation of the advantages and disadvantages of
11 specific alternatives to existing or proposed program policies or
12 administrative methods.

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

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

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

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

27 (b) The governor may direct the withholding or reduction of
28 appropriations to the authority during the fiscal year only if the
29 governor determines that

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

4 (2) estimated receipts and surpluses will be insufficient
5 to provide for appropriations.

6 Sec. 02.40.320. PERFORMANCE REPORTING. The authority shall
7 annually submit a performance report to the governor no later than
8 September 1 for the preceding fiscal year. The report must be in the
9 form prescribed by the governor after consultation with the
10 legislative finance division, and must include

11 (1) an identification of the objectives of the authority
12 and the problem or need that the activities and operations of the
13 authority are intended to address;

14 (2) an assessment of the degree to which the original
15 objectives of the authority have been achieved expressed in terms of
16 performance, effects, or accomplishments of the authority;

17 (3) a statement of the performance and accomplishments of
18 the authority in each of the last four fiscal years and of the costs
19 incurred in the operation of the authority;

20 (4) a statement of the number and types of persons affected
21 by operations of the authority;

22 (5) a summary statement, for each of the last three com-
23 pleted fiscal years, of the number of personnel employed by the au-
24 thority and a summary of the cost of personnel employed under contract
25 by the authority;

26 (6) an assessment of the effect of the authority on the
27 economy of the state;

28 (7) an assessment of the degree to which the overall pol-
29 icies of the authority, as expressed in rules adopted by the au-

1 thority, meet the objectives of the legislature in establishing the
2 authority; and

3 (8) an analysis of the services and performance expected to
4 be achieved if the authority is continued.

5 Sec. 02.40.330. ACCEPTANCE OF MONEY FROM FEDERAL AND OTHER
6 PUBLIC OR PRIVATE SOURCES. The authority may accept federal money,
7 and money from other public or private sources, subject to appropria-
8 tion by the legislature, to accomplish the purposes of this chapter.
9 Federal money accepted under this chapter shall be accepted and
10 expended by the authority under the terms and conditions prescribed by
11 federal law and regulations.

12 Sec. 02.40.340. ANNUAL REPORT. By January 15 of each year, the
13 authority shall submit to the governor and the legislature a concise
14 report describing the operations, income, and expenditures for the
15 preceding fiscal year.

16 Sec. 02.40.350. ANNUAL AUDIT. The authority shall have its
17 financial records audited annually by a certified public accountant.

18 ARTICLE 5. GENERAL PROVISIONS.

19 Sec. 02.40.900. AUTHORITY EMPLOYEES. (a) Employees of the
20 authority are not employees of the state. The provisions of AS 39 do
21 not apply to employees of the authority except as provided in this
22 chapter. The authority shall adopt a code of ethics for its directors
23 and employees that is substantially equivalent to that in AS 39.52.

24 (b) Notwithstanding (a) of this section, employees of the au-
25 thority who were state employees the day before they were transferred
26 to the authority shall continue to participate in the Public Employ-
27 ees' Retirement System under AS 39.35. The authority shall pay the
28 employer's contributions required under AS 39.35.

29 Sec. 02.40.910. APPLICATION OF EXISTING LAWS. Unless

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

3 (1) AS 36.30, except as specifically provided in that
4 chapter;

5 (2) AS 37.07;

6 (3) AS 44.62.010 - 44.62.320.

7 Sec. 02.40.990. DEFINITIONS. In this chapter, unless the con-
8 text requires otherwise,

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

11 (2) "authority" means the Alaska International Airport
12 Authority established by this chapter; and

13 (3) "capital improvement" means a project for the construc-
14 tion, rehabilitation, rebuilding, enlarging, or improving of all or a
15 part of the international airport system, as determined by the author-
16 ity to be necessary or desirable for efficient operation of the inter-
17 national airports and to best serve the public.

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

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

21 Sec. 02.15.090. OPERATION AND USE PRIVILEGES. (a) [STATE
22 OPERATION.] In operating an airport or air navigation facility owned
23 or controlled by the state and subject to the jurisdiction of the
24 department, the department may enter into contracts, leases, and other
25 arrangements covering periods not exceeding 55 years with a person or
26 municipality or the United States, granting the privilege of using or
27 improving an airport or air navigation facility or a portion of it or
28 space in it for commercial or governmental purposes; or conferring the
29 privilege of supplying goods, commodities, services, or facilities at

1 an airport or air navigation facility. The department may establish
2 the terms and conditions and fix the charges, rentals, and fees for
3 the privileges or services, which are reasonable and uniform for the
4 same class of privilege or service. These terms, conditions, charges,
5 rentals, and fees shall be established with due regard to the property
6 and improvements used and the expense of operation to the state. In
7 no case shall the public be deprived of its rightful, equal, and
8 uniform use of the airport, air navigation facility, or portion of
9 them [THEREOF].

10 (b) [OTHER OPERATION.] The department may by contract or other
11 arrangement, upon a consideration fixed by it, grant to a [ANY] qual-
12 ified municipality or person for a reasonable period of time the
13 privilege of operating, as agent of the state or otherwise, an [ANY]
14 airport owned or controlled by the state and subject to the jurisdic-
15 tion of the department. A [NO] municipality or person granted that
16 privilege may not operate the airport other than as a public airport
17 or enter into a [ANY] contract, lease, or other arrangement in con-
18 nection with the operation that [WHICH] the department may not have
19 undertaken under (a) of this section.

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

21 Sec. 02.15.095. GROUND TRANSPORTATION: "COURTESY CARS." Not-
22 withstanding the provisions of AS 02.15.090(a), in operating an air-
23 port subject to the jurisdiction of the department, the department may
24 not exclude from the [STREETS, ROADS,] highways, parking facilities,
25 or other portions of the [A STATE-OPERATED] airport designated for
26 operation or parking of ground transportation vehicles, nor may the
27 department prohibit from picking up and discharging passengers, those
28 motor vehicles commonly known as "courtesy cars" owned or operated by
29 hotels, motels, or other similar places of public accommodation for

1 the transportation of their guests to and from the airport at the
2 request of the guest and for which service no charge is made to the
3 guest.

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

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

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

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

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

16 Sec. 02.15.104. RELOCATION OF UTILITY FACILITIES INCIDENT TO
17 AIRPORT PROJECTS. (a) If, incident to the construction of an airport
18 project, the department or authority determines and orders that a
19 utility facility located across, along, over, under, or within a state
20 airport subject to its jurisdiction must be changed, relocated, or
21 removed, the utility owning or maintaining the facility shall change,
22 relocate, or remove it under [IN ACCORDANCE WITH] the order, within a
23 reasonable time set by the department or the authority in the order.

24 (b) If the utility facility is not changed, relocated, or re-
25 moved under [IN ACCORDANCE WITH] the order, the [ANY] permit authoriz-
26 ing the facility issued by the department or the authority under
27 AS 02.15.102 becomes invalid and the facility is [WILL BE] considered
28 an unauthorized encroachment subject to the provisions of
29 AS 02.15.114.

1 (c) The cost of change, relocation, or removal, as defined in AS
2 02.15.260, ordered under (a) of this section is to be paid as follows:

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

8 (2) by the department or the authority as a cost of airport
9 construction, if the utility facility was installed before June 11,
10 1986, [THE EFFECTIVE DATE OF THIS ACT] under a utility permit or
11 utility easement and is in the location specified in the permit or
12 easement;

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

16 (4) by the department or the authority as a cost of airport
17 construction, if the utility permit that requires the utility to pay
18 the relocation cost was issued more than five years before the con-
19 tract for the airport construction project was first advertised;

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

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

24 (B) for airports subject to the jurisdiction of the
25 authority, the authority finds it is in the public interest for
26 the cost to be paid by the authority.

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

28 Sec. 02.15.106. ENCROACHMENT PERMITS. An encroachment may be
29 constructed, placed, changed, or maintained across or within an

1 airport, but only under [IN ACCORDANCE WITH] regulations or procedures
2 adopted by the department for airports subject to the jurisdiction of
3 the department or only under rules adopted by the authority for air-
4 ports subject to the jurisdiction of the authority. An encroachment
5 may not be constructed, placed, maintained, or changed until it is
6 authorized by a written permit issued by the department or the author-
7 ity, unless the department or the authority provides otherwise by
8 regulation or rule.

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

10 Sec. 02.15.108. RELOCATION OR REMOVAL OF ENCROACHMENT. If,
11 incidental to the construction or maintenance of a state airport
12 subject to the jurisdiction of the department or the authority, the
13 department or the authority determines and orders that an encroachment
14 previously authorized by written permit must be changed, relocated, or
15 removed, the owner of the encroachment shall change, relocate, or
16 remove it within a reasonable time set by the department or the au-
17 thority in the order. The cost of the change, relocation, or removal
18 shall be paid as provided in AS 02.15.104(c). If the owner does not
19 change, relocate, or remove an encroachment within the time set by the
20 department or the authority, the encroachment will be considered an
21 unauthorized encroachment subject to the provisions of AS 02.15.114.

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

23 Sec. 02.15.110. UNAUTHORIZED ENCROACHMENTS. If an unauthorized
24 encroachment exists in, on, under, or over a state airport subject to
25 the jurisdiction of the department or the authority, the department or
26 the authority may require the removal of the encroachment, at the
27 expense of the owner, in the manner provided in AS 02.15.112 - 02.15.-
28 114.

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

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

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

10 Sec. 02.15.114. REMOVAL AT OWNER'S EXPENSE AFTER NONCOMPLIANCE;
11 REMOVAL EXPENSE. After a failure of the owner of an unauthorized
12 encroachment to comply with a notice or order of the department or the
13 authority under AS 02.15.104, 02.15.108, or 02.15.112, the department
14 or the authority may remove the encroachment, or cause it to be re-
15 moved. The owner of the unauthorized encroachment shall pay to the
16 department or the authority

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

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

23 (3) costs and expense of suit.

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

25 Sec. 02.15.130. ASSISTANCE TO MUNICIPALITIES AND OTHER PERSONS.
26 The department may make available its engineering, maintenance, and
27 other services, with or without charge, to the federal government, to
28 the authority, or to a municipality or person in connection with the
29 planning, acquisition, construction, improvement, maintenance, or

1 operation of airports or air navigation facilities. The commissioner
2 of administration shall separately account for money that is generated
3 by the provision of services to nonstate entities under this section
4 and that the department deposits in the general fund. The annual
5 estimated balance in the account may be used by the legislature to
6 make appropriations to the department to carry out the purposes of
7 this section. The department may make available its engineering and
8 other technical services, with or without charge, to a [ANY] munici-
9 pality or person in connection with the planning, acquisition, con-
10 struction, improvement, maintenance, or operation of airports or air
11 navigation facilities.

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

13 Sec. 02.15.210. NO EXCLUSIVE RIGHTS GRANTED. The department may
14 not grant an exclusive right for the use of an airway, airport, or air
15 navigation facility under its jurisdiction. This section does not
16 prevent the making of contracts, leases, and other arrangements under
17 AS 02.15.060 - 02.15.100 and 02.15.120, including exclusive contracts
18 for the sale and delivery of in-bond merchandise [DESCRIBED IN AS 02.-
19 15.091].

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

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

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

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

25 (4) "department" means the Department of Transportation and
26 Public Facilities of this state with regard to airports that are not
27 subject to AS 02.40 and the Alaska International Airport Authority
28 with regard to airports that are subject to AS 02.40;

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

1 Sec. 35.27.025. APPLICATION TO ALASKA INTERNATIONAL AIRPORT
2 AUTHORITY. This chapter applies to the Alaska International Airport
3 Authority. Compliance with this chapter is the sole responsibility of
4 the authority with respect to the public buildings and facilities of
5 the authority.

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

7 (2) "building" or "facility" means a permanent improvement
8 constructed by the department or the Alaska International Airport
9 Authority; the term

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

11 (i) schools, office buildings, and court build-
12 ings;

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

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

17 (iv) transportation facilities which accommodate
18 traveling passengers;

19 (B) excludes other transportation facilities; [.]

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

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

23 (1) under a contract for construction, repair, preliminary
24 surveys, engineering studies, consulting, maintenance work, or any
25 other retention of services necessary to complete a given project that
26 is let by the state or an agency of the state, a department, office,
27 state board, commission, public corporation, or other organizational
28 unit of or created under the executive, legislative, or judicial
29 branch of state government, including the University of Alaska, the

1 Alaska International Airport Authority, and the Alaska Railroad Corpo-
2 ration, or by a political subdivision of the state including a region-
3 al school board with respect to an educational facility under AS 14.-
4 11.020;

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

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

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

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

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

14 (e) The boards of directors of the Alaska Railroad Corporation,
15 the Alaska International Airport Authority, and the Alaska State
16 Building Authority shall adopt procedures to govern the procurement of
17 supplies, services, professional services, and construction by the
18 corporation. The procedures must be substantially equivalent to the
19 procedures prescribed in this chapter and in regulations adopted under
20 this chapter.

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

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

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

28 (8) acquisitions or disposals of property and other con-
29 tracts relating to airports under AS 02.15.070 and [,] 02.15.090 [,

1 AND 02.15.091];

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

3 (1) "agency" means a department, institution, board, com-
4 mission, division, authority, public corporation, the Alaska Pioneers'
5 Home, or other administrative unit of the executive branch of state
6 government, except for the University of Alaska, the Alaska State
7 Building Authority, the Alaska International Airport Authority, and
8 the Alaska Railroad Corporation; it does not include a regional Native
9 housing authority created under AS 18.55.996, or a regional electrical
10 authority created under AS 18.57.020;

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

12 Sec. 37.05.307. APPLICABILITY TO ALASKA INTERNATIONAL AIRPORT
13 AUTHORITY. The commissioner of administration may delegate the per-
14 formance of the functions under this chapter as they relate to the
15 Alaska International Airport Authority to the authority and set out
16 the criteria and guidelines that shall be followed. The commissioner
17 shall direct necessary stipulations and exercise monitoring respon-
18 sibility for conformance through the board of directors of the Alaska
19 International Airport Authority.

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

21 Sec. 37.15.480. AMOUNTS REQUIRED FOR PAYMENTS. The committee
22 shall, before December 31 of each year, commencing with the year in
23 which the bonds are issued, certify to the commissioner [COMMISSION-
24 ERS] of revenue and the controller of the authority [TRANSPORTATION
25 AND PUBLIC FACILITIES] the amounts required in the next ensuing calen-
26 dar year by the bond resolution or resolutions to be paid out of the
27 revenue fund into the bond redemption fund and to be paid into and
28 maintained in a [ANY] reserve fund or account or [ANY] other fund or
29 account created by the bond resolution or resolutions, and shall also

1 certify to the commissioner and the controller [COMMISSIONERS] the
2 last date or dates upon which payments may be made.

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

4 Sec. 37.15.500. AIRPORT CHARGES. The authority [COMMISSIONER OF
5 TRANSPORTATION AND PUBLIC FACILITIES] shall fix and collect the [SUCH]
6 fees, charges, and rentals derived by the state from the ownership,
7 lease, use, and operation of the airports and all of the facilities
8 and improvements of them or used in connection with them that [AS]
9 will provide revenues sufficient to comply with all of the covenants
10 of the bond resolution.

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

12 Sec. 37.15.510. STATE IMPROVEMENTS TO AIRPORTS. The state is
13 authorized to acquire, equip, construct, and install additions and
14 improvements to and extensions of the airports, facilities for the
15 landing, parking, loading, storing, repairing, safety, and utility of
16 aircraft at the airports and passenger, freight, and terminal facil-
17 ities, including safety equipment and devices at the airports, found
18 to be necessary by the authority [COMMISSIONER OF TRANSPORTATION AND
19 PUBLIC FACILITIES].

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

21 (10) "authority" means the Alaska International Airport
22 Authority.

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

24 (b) The provisions of this chapter do not apply to a [ANY]
25 power, duty, or authority now or in the future granted to the Depart-
26 ment of Transportation and Public Facilities or the Alaska Interna-
27 tional Airport Authority in the name of the state, to acquire, use,
28 lease, dispose of, or exchange real property, or an [ANY] interest in
29 real property. Land assigned by the division of lands to the

1 Department of Transportation and Public Facilities or the Alaska
2 International Airport Authority shall be returned to the management of
3 the division of lands when it is no longer needed for the purposes
4 assigned.

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

6 Sec. 39.35.152. ALASKA INTERNATIONAL AIRPORT AUTHORITY EMPLOY-
7 EES. (a) An employee of the Alaska International Airport Authority
8 who was an employee of the state on the day before the employee was
9 transferred to the authority under AS 02.40 shall be included in the
10 system.

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

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

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

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

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

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

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

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

29 (12) "instrumentality of the state" means a state agency or

1 administrative unit, whether in the legislative, judicial, or execu-
2 tive branch, including [SUCH ENTITIES AS] the University of Alaska,
3 the Alaska Railroad, the Alaska International Airport Authority, and
4 any public or quasi-public corporations, boards, or commissions; the
5 term includes municipalities;

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

7 (7) manage, operate, and maintain state transportation
8 facilities and all docks, floats, breakwaters, and buildings, includ-
9 ing all state highways, vessels, railroads, pipelines, and airports
10 [.] and aviation facilities other than airports and aviation facil-
11 ities subject to AS 02.40:

12 * Sec. 35. TRANSITION. (a) Employees of the Department of Transporta-
13 tion and Public Facilities assigned to the management, operation, and
14 maintenance of the Anchorage International Airport or the Fairbanks Inter-
15 national Airport on July 1, 1987, shall be transferred to the Alaska
16 International Airport Authority.

17 (b) Real and personal property utilized and controlled by the
18 Anchorage International Airport or the Fairbanks International Airport on
19 July 1, 1987, shall be transferred to the Alaska International Airport
20 Authority.

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

29 * Sec. 37. AS 02.40.900, as enacted by sec. 2 of this Act, applies to

1 the classified state employees transferred to the Alaska International
2 Airport Authority upon the expiration dates of the collective bargaining
3 agreements covering those employees that are in effect on July 1, 1987.

4 * Sec. 38. AS 02.15.091; AS 37.15.550(5); and AS 39.25.120(14) are
5 repealed.

6 * Sec. 39. This Act takes effect July 1, 1987.