

COMMITTEE REPORT
HOUSE

FURTHER:

(11)

3/3/82

Date: 3 31 82

Mr. Speaker:

The Committee on FINANCE has had HB 651

"An Act relating to ferries and ferry terminals and establishing the Alaska Marine Highway Authority."

under consideration and ~~(a majority of the committee)~~ ~~(the committee)~~ reports it back with the following recommendations:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for HB 651 (FINANCE) same title
 new title
- and recommends without
- AND attaches a "Letter of Intent" * New Fiscal Note
- reports it back without recommendation 405.3
- referred to the _____ Committee 3697.7
2124.27

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

[Signature]

[Signature]

[Signature]
CHAIRMAN

Original sponsor: Transportation Committee

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 651 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to ferries and ferry terminals and
7 establishing the Alaska Marine Highway Authority."

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

9 * Section 1. PURPOSE. The purpose of this Act is to establish an author-
10 ity for the operation, management, and planning and construction of facilities
11 for the marine highway system that is independent of the state government.
12 The authority shall be the exclusive state agency directly associated with
13 the operation, management, planning and construction of facilities for the
14 marine highway system.

15 * Sec. 2. AS 19 is amended by adding a new chapter to read:

16 CHAPTER 70. ALASKA MARINE HIGHWAY AUTHORITY.

17 ARTICLE 1. CREATION AND ORGANIZATION.

18 Sec. 19.70.010. ALASKA MARINE HIGHWAY AUTHORITY. The Alaska
19 Marine Highway Authority is established. The authority is a public
20 corporation of the state. The corporation is an instrumentality of the
21 state in the Department of Transportation and Public Facilities but has
22 a legal existence independent of and separate from the state and has
23 continuing succession until its existence is terminated by law.

24 Sec. 19.70.020. DIRECTORS. (a) The authority consists of eight
25 directors including the commissioner of transportation and public facili-
26 ties, who shall be a director ex officio without voting privileges, and
27 seven directors appointed by the governor as follows; a representative
28 of commercial carriers, a representative of the maritime industry, a
29 representative of the tourism industry, and four members of the public

1 representing regions served by the marine highway as follows: (1) two
2 members from region one (extending from Dixon entrance to Skagway); (2)
3 one member from region two (Kodiak Island); and (3) one member from
4 region three (Prince William Sound). The appointment of each director
5 other than the commissioner of transportation and public facilities is
6 subject to confirmation by the legislature.

7 (b) The directors appointed by the governor serve at his pleasure
8 for four-year terms. Each director shall hold office for the term of
9 his appointment and until his successor is appointed and qualified. A
10 director is qualified for reappointment. A vacancy in a directorship
11 occurring other than by expiration of term shall be filled in the same
12 manner as the original appointment but only for the unexpired term.

13 (c) The directors must be residents of the state and qualified
14 voters at the time of appointment and shall comply with the requirements
15 of AS 39.50 (conflict of interest). Each director before entering upon
16 his duties shall take and subscribe to an oath to perform the duties of
17 his office faithfully, impartially, and justly to the best of his
18 ability. A record of the oath shall be filed with the Office of the
19 Governor.

20 (d) The directors of the authority serve without compensation, but
21 are entitled to travel and per diem expenses as provided in AS 39.20.-
22 150.

23 Sec. 19.70.030. OFFICERS AND QUORUM. The directors shall elect
24 one of their number as chairman. The directors shall elect a secretary
25 and a treasurer who need not be directors, and the same person may be
26 elected to serve both as secretary and treasurer. The powers of the
27 authority are vested in the directors, and four voting directors of the
28 authority constitute a quorum. Action may be taken and motions and
29 resolutions adopted by the authority at any meeting by the affirmative

1 vote of at least four directors. A vacancy in the directorship of the
2 authority does not impair the right of a quorum to exercise all the
3 powers and perform all the duties of the authority.

4 Sec. 19.70.040. STAFF. The authority shall employ an executive
5 director who serves at the pleasure of the authority as its chief admin-
6 istrative officer. The executive director may with the approval of the
7 authority select and employ additional staff as necessary. Employees of
8 the authority other than legal counsel and the executive director are in
9 the classified service under AS 39.25. In addition to its staff of
10 regular employees, the authority may contract for and engage the ser-
11 vices of consultants, and professional, technical and financial advisors
12 the authority considers necessary for the purpose of developing informa-
13 tion, conducting hearings, studies, investigations or other proceedings,
14 or otherwise exercising its powers.

15 ARTICLE 2. POWERS AND DUTIES.

16 Sec. 19.70.050. POWERS OF AUTHORITY. In addition to other powers
17 granted in this chapter, the authority may

- 18 (1) sue and be sued;
- 19 (2) adopt and alter an official seal;
- 20 (3) make and enforce bylaws and regulations for the conduct
21 of its business and for the use of its services and facilities;
- 22 (4) maintain offices at any place in the state and at places
23 out of the state which are served by the marine highway system;
- 24 (5) acquire, hold, use and dispose of its income, revenues,
25 funds and money;
- 26 (6) acquire, hold, use, lease, rent, construct and dispose of
27 real and personal property for its purposes;
- 28 (7) operate, maintain, improve, and extend a system of ferries
29 connecting with the public roads and highways of the state and including

1 the boats, vessels, wharves, docks, approaches, landings and appurte-
2 nances the authority determines to be necessary or desirable for safe
3 and efficient operation of the ferry system so as to best serve the
4 public;

5 (8) do all acts and things necessary, convenient or desirable
6 to carry out the powers expressly granted or necessarily implied in this
7 chapter.

8 Sec. 19.70.060. "ALASKA MARINE HIGHWAY SYSTEM": NAME AUTHORIZED.
9 The authority is authorized to operate its ferry system under the name
10 "Alaska marine highway system".

11 Sec. 19.70.070. COMPREHENSIVE LONG-RANGE PLAN. The authority,
12 with the cooperation of the Department of Transportation and Public
13 Facilities, shall prepare a comprehensive long-range plan for the devel-
14 opment and improvement of the marine highway system. The plan shall be
15 revised and updated at least every five years.

16 ARTICLE 3. ACQUISITION OF PROPERTY.

17 Sec. 19.70.080. ACQUISITION OF LAND AND EASEMENTS. The au'hority,
18 as part of the cost of constructing, maintaining, or improving a ferry
19 system, may acquire by purchase, gift, or exchange land in fee simple or
20 easements that it considers necessary for present public use, either
21 temporary or permanent, or that it considers necessary and reasonable
22 for the public use. By the same means, the authority may obtain
23 material, including clay, gravel, sand, or rock, or the land necessary
24 to obtain the material, including access to it. The authority may so
25 acquire the land or materials notwithstanding the fact that title to it
26 is vested in the state or a department, agency, commission or institution
27 of the state.

28 Sec. 19.70.090. AUTHORITY TO PURCHASE PROPERTY FOR THE PURPOSE OF
29 EXCHANGE. When a majority of the directors of the authority declares

1 that it is in the best public interest of the state to do so, the author-
2 ity may acquire by purchase, gift, or exchange privately or publicly
3 owned land or an interest in it for the purpose of exchanging it for
4 privately or publicly owned land that the authority is authorized by law
5 to acquire.

6 Sec. 19.70.100. VACATING OF LAND OR RIGHTS IN LAND. The authority
7 may vacate land, or part of it, or rights in land acquired for use in
8 the marine highway system by executing and filing a deed in the approp-
9 riate recording district. Upon vacating, title reverts to the persons,
10 heirs, successors, or assigns in whom it was vested at the time of the
11 taking. The authority may transfer land no longer considered necessary
12 for use in the marine highway system to the Department of Natural Re-
13 sources for disposal. The proceeds of disposal by the Department of
14 Natural Resources shall be credited to the funds from which the purchase
15 was originally made.

16 ARTICLE 4. GENERAL PROVISIONS.

17 Sec. 19.70.110. ANNUAL REPORT. By March 1 of each year, the
18 authority shall submit to the governor and the legislature a compre-
19 hensive report describing the operations, income, and expenditures for
20 the preceding calendar year.

21 Sec. 19.70.120. ANNUAL AUDIT. The authority shall have its finan-
22 cial records audited annually by a certified public accountant. The
23 legislative auditor may prescribe the form and content of the financial
24 records of the authority and shall have access to those records at any
25 time.

26 Sec. 19.70.130. BUDGET AND APPROPRIATIONS. The authority shall
27 submit its annual budget to the legislature through the governor as
28 provided for state agencies by the Executive Budget Act (AS 37.07). It
29 may expend money directly appropriated by the legislature only as autho-

1 rized by the legislature.

2 Sec. 19.70.140. PUBLIC RECORDS; OPEN MEETINGS. The provisions of
3 AS 09.25.110 - 09.25.125 (public records) and AS 44.62.310 - 44.62.312
4 (open meetings) apply to the authority. The authority shall publish a
5 proposed agenda of each meeting and shall afford the public an oppor-
6 tunity to be heard in accordance with AS 44.62.312.

7 Sec. 19.70.150. NAMING OF VESSEL OR FACILITY. (a) A vessel or
8 facility of the Alaska marine highway system constructed or acquired by
9 the authority under this chapter or AS 19.60 may be given a name only by
10 law.

11 (b) A maritime vessel shall bear the name of an Alaska glacier.

12 (c) A vessel used principally on the inland waterways of the state
13 shall bear the name of an historical vessel that used the rivers of the
14 state.

15 Sec. 19.70.160. DEFINITIONS. In this chapter, unless the context
16 requires otherwise,

17 (1) "authority" means the Alaska Marine Highway Authority
18 established by this chapter;

19 (2) "capital improvement" means a project for the construc-
20 tion, rehabilitation, rebuilding, enlarging, or improving of all or any
21 part of the marine highway system, including, without limitation, boats,
22 vessels, wharves, docks, approaches, landings, offices, and appurte-
23 nances as determined by the authority to be necessary or desirable for
24 efficient operation of the marine highway system and to best serve the
25 public;

26 (3) "ferry" means a vessel used in the common carriage of
27 passengers and self-propelled vehicles in intrastate commerce.

28 Sec. 19.70.170. SHORT TITLE. This chapter may be cited as the
29 Alaska Marine Highway Authority Act.

1 * Sec. 3. AS 19.60.010 is amended to read:

2 Sec. 19.60.010. ACQUISITION AND MAINTENANCE OF FERRY TERMINAL
3 FACILITIES. The authority [DEPARTMENT] shall construct, purchase or
4 lease ferry terminal facilities at locations it selects for the loading
5 and unloading of passengers and vehicles under their own power, on and
6 off ferries. The authority [DEPARTMENT] shall repair and maintain these
7 facilities.

8 * Sec. 4. AS 19.60.020 is amended to read:

9 Sec. 19.60.020. CONNECTION OF FACILITIES TO HIGHWAYS. The depart-
10 ment shall [MAY] connect ferry terminal facilities with local highway
11 systems.

12 * Sec. 5. AS 19.60.030 is amended to read:

13 Sec. 19.60.030. REGULATIONS. The authority [DEPARTMENT] may adopt
14 [RULES AND] regulations governing the use of ferry terminal facilities
15 by the public which it considers necessary and proper in the public
16 interest.

17 * Sec. 6. AS 19.60.040 is amended to read:

18 Sec. 19.60.040. PRIVATE ENTERPRISE NOT AFFECTED. Any person may
19 construct a ferry terminal facility upon obtaining the approval of the
20 authority [DEPARTMENT] as to its location. A ferry terminal facility
21 constructed by a person other than the authority [DEPARTMENT] is subject
22 to reasonable [RULES AND] regulations governing its use which the author-
23 ity [DEPARTMENT] considers necessary and proper in the public interest.

24 * Sec. 7. AS 19.60.050 is amended to read:

25 Sec. 19.60.050. APPROVAL OF AUTHORITY [DEPARTMENT] REQUIRED FOR
26 CONSTRUCTION. A ferry terminal facility may [SHALL] not be constructed
27 without the approval of the authority [DEPARTMENT].

28 * Sec. 8. AS 19.60.070(1) is amended to read:

29 (1) "authority" ["DEPARTMENT"] means the Alaska Marine High-

1 way Authority [DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES];

2 * Sec. 9. AS 35.27.020 is amended by adding a new subsection to read:

3 (h) The requirements of this chapter apply to the Alaska Marine
4 Highway Authority. Fulfillment of the duties of the department under
5 this chapter is the sole responsibility of the authority with respect to
6 the public buildings and facilities of the authority.

7 * Sec. 10. AS 35.27.030(2) is amended to read:

8 (2) "building" or "facility" means a permanent improvement
9 constructed by the department or authority; the term

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

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

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

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

15 (iv) transportation facilities which accommodate
16 traveling passengers;

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

18 * Sec. 11. AS 35.27.030 is amended by adding a new paragraph to read:

19 (5) "authority" means the Alaska Marine Highway Authority.

20 * Sec. 12. AS 44.42.020(a)(1) is amended to read:

21 (1) plan, design, construct and maintain all state codes of
22 transportation and transportation facilities and all docks, floats,
23 breakwaters, buildings and similar facilities, except that the depart-
24 ment has no planning, design, construction, or maintenance responsibili-
25 ties for transportation codes or facilities under the jurisdiction of
26 the Alaska Marine Highway Authority;

27 * Sec. 13. AS 44.42.020(a)(7) is amended to read:

28 (7) manage, operate, and maintain state transportation faci-
29 lities and all docks, floats, breakwaters and buildings, including all

1 state highways, vessels, railroads, pipelines, airports, and aviation
2 facilities, except that the department has no management, operational,
3 or maintenance responsibilities for transportation facilities, vessels,
4 or equipment under the jurisdiction of the Alaska Marine Highway Author-
5 ity;

6 * Sec. 14. AS 19.65 is repealed.

7 * Sec. 15. APPOINTMENT OF FIRST DIRECTORS OF ALASKA MARINE HIGHWAY AUTHOR-
8 ITY. The governor shall designate the terms of the voting directors of the
9 Alaska Marine Highway Authority first appointed under AS 19.70.020. Of the
10 seven directors first appointed

- 11 (1) two shall serve a term of two years;
- 12 (2) two shall serve a term of three years;
- 13 (3) three shall serve a term of four years.

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST
Bill/Resolution No. CSHB 651 - Establishing the Alaska Marine
Title Highway Authority
Requested by House Transportation Date 3/26/82

II. FISCAL DETAIL
Agency Affected Department of Transportation & Public Facilities
Program Category Affected Transportation
BRU, Program, Or Subprogram(s) Affected _____
(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES		925.4				
200 TRAVEL		92.3				
300 CONTRACTUAL		708.8				
400 COMMODITIES		107.3				
500 EQUIPMENT		621.5				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		2455.3	1342.9	1437.7	1539.2	1877.9

FUNDING (Thousands of Dollars)

GENERAL FUND		2230.3	1094.6	1169.0	1255.0	1573.7
FEDERAL FUNDS						
OTHER (Specify Source)						
CIP		<225.0>	<248.3>	<268.7>	<284.2>	<304.2>

POSITIONS

FULL TIME		22	22	22	22	22
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instruction, Section III)

This fiscal note shows the net expected cost to the State under the attached assumptions. Costs for FY 84 reflect the deletion of one time items and addition of inflation at 7%.

The assumptions used in this fiscal note do not have the authority utilizing its full powers for separation and therefore have reduced the costs. If additional authority is desired, the costs would increase.

Before accurate costs can be determined for this bill, a substantial amount of time should be devoted to determining the requirements for separation of duties from the State system as well as estimating the amount of autonomy the authority would desire.

IV. DATE 3/31/82 PREPARED BY RON LIND
AGENCY DOT/PE
Original: Legislative Finance PHONE 465-3900
cc: Budget and Management
Prime Sponsor (First Legislator Named)
33-001 (Rev. 12/81)

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CSHB 651 - Establishing the Alaska Marine
Title Highway Authority
Requested by House Transportation Date 3/26/82

II. FISCAL DETAIL

Agency Affected Department of Transportation & Public Facilities
Program Category Affected Marine Transportation
BRU, Program, Or Subprogram(s) Affected _____
(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES		2086.5	2232.6			
200 TRAVEL		92.3	99.6			
300 CONTRACTUAL		787.4	260.7			
400 COMMODITIES		110.0	64.2			
500 EQUIPMENT		621.5	15.0			
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		3697.7	2672.1	2859.9	3060.9	3506.2

FUNDING (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
GENERAL FUND		3697.7	2672.1	2859.9	3060.9	3506.2
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
FULL TIME		56.0	56.0	56.0	56.0	56.0
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instruction, Section III)

Additions required to the Marine Transportation budget.

See attachments.

IV. DATE 3/31/82 PREPARED BY RON LIND
AGENCY DOT/PF
PHONE 415-3900

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)
33-001 (Rev. 12/81)

III. ANALYSIS

There are administrative and organizational topics not specifically addressed in either House Bill No. 651, "An Act relating to ferry and ferry terminals and establishing the Alaska Marine Highway Authority", or House Bill No. 661, "An Act establishing the Alaska Marine Highway Authority". Since the proposed legislation is similar in each of these bills, we are making the following assumptions in preparation of fiscal notes for each bill.

1. There is no offsetting credit taken for the expenditure of earned revenue to support the cost of operation of "Alaska Marine Highway Authority". In actuality, the initial cost would be the same if funding came from a direct appropriation for the full cost of operations from the legislature with earned revenue returned to the General Fund, or if earned revenue was expended with an appropriation to support the shortfall.
2. It is assumed the "Alaska Marine Highway Authority's" Payroll, Personnel, and Accounting systems would feed into the existing State systems to insure checks and balances, and would eliminate the necessity of creating a duplicate system.
3. We have assumed that initial start-up costs will be fully funded by the Legislature.
4. It is assumed the "Authority's" funding would be at the Division level and allocated to operating components as set out in its budget.
5. We have assumed a General Fund Subsidy for the difference between the total operating cost and the expected revenue for each fiscal year. We have further assumed that the total amount authorized would be available at the beginning of each fiscal year to allow the "Authority" to plan operations for each year.

6. The same inflation factor would apply to the "Authority's" budget request as followed by State agencies. We have assumed it to be seven percent (7%) for the fiscal note.
7. Initially the "Authority" would continue direct involvement with the State in the following:
 - A. Occupancy of a State owned office building.
 - B. Continued support from the State mail system.
 - C. Access to the State equipment fleet.
 - D. Access to the Statewide purchasing contract (i.e., fuel).
 - E. Continued use of "shared" communications lines through Department of Administration, Division of Communications.
 - F. Continued insurance, bonding, etc., as now supplied through Department of Administration, Division of Risk Management.
 - G. Legal service from the Attorney Generals' office.
8. We have assumed that Department of Transportation and Public Facilities transferred employees would bring their own equipment and that equipment for the proposed thirty (30) new hire employees would be \$76.5.
9. We have assumed the "Authority" would require its own computer services for reservations, cost accounting, dispatching vessels crews, and payroll input; and that one time costs would be \$545.0 for hardware and \$250.0 for software.
10. Assuming expansion, the first year shows one time start-up funds for Contractual \$543.6; (Software \$250.0; Legal Services \$200.0; Additional Space Rental \$93.6); and \$50.0 Commodities (primarily office supplies).

Summary - 200 - 500 Accounts: Of \$1623.0 shown for the first year, \$1145.6 is a first time start-up cost. Yearly maintenance of all 200 through 500 Accounts would be around \$475.0 per year.

11. Of the \$2086.5 increase in Personal Services, \$1772.4 is assumed to be positions already within the Department of Transportation and Public Facilities performing similar services in Finance, Supply, Payroll, Design and Construction, and Personnel for the Division of Marine Highway Systems. The actual increase then would be \$914.1 for Personal Services to fund eight (8) upgraded positions and twenty-four (24) new positions.

<u>MHS EXISTING</u>	<u>DOT TRANSFERS</u>	<u>NEW POSITIONS</u>	<u>TOTAL POSITIONS</u>
PFT 36	PFT 32	PFT 24	PFT 92
PPT 4			PPT 4

This is a total of ninety-two (92) Permanent Full Time and four (4) Permanent Part Time Administrative positions, with a total of thirty-one (31) Supervisors (Range 18 and above) and sixty-five (65) support positions to operate and supervise nine vessels (725 employees) and twenty-six Shore Facilities (twenty-eight (28) Permanent and twenty-three (23) Permanent Part Time employees). No increase has been made in Vessel or Shore Facility Personnel.

Approximately \$225,000 of CIP funded positions are proposed to be general funded because they would be considered more operational.

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. CSHB 65T/651 - Establishing the Alaska Marine
 Title Highway Authority
 Requested by House Transportation Committee Date 3/26/82

II. FISCAL DETAIL
 Agency Affected Department of Transportation and Public Facilities
 Program Category Affected Transportation
 BRU, Program, Or Subprogram(s) Affected various-See Analysis
 (Note: If more than one budget component is affected, separate line-item
 amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES		<1161.1>				
200 TRAVEL		0				
300 CONTRACTUAL		<78.4>				
400 COMMODITIES		<2.7>				
500 EQUIPMENT		-				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		<1242.2>	<1329.2>	<1422.2>	<1521.7>	<1628.3>

FUNDING (Thousands of Dollars)

GENERAL FUND		<1017.2>	<1080.9>	<1156.5>	<1237.5>	<1324.1>
FEDERAL FUNDS						
OTHER (Specify Source)		<225.0>	<248.3>	<268.7>	<284.2>	<304.2>

POSITIONS

FULL TIME		<34>	<34>	<34>	<34>	<34>
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instruction, Section III)

Identifies costs and positions dedicated to Marine Transportation under current systems. (See attached).

IV. DATE 3/31/82 PREPARED BY Rae Lind
 AGENCY DOT/PF
 Original: Legislative Finance PHONE 465-3900
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)
 33-001 (Rev. 12/81)

	<u>Personal Services</u>	<u>Travel</u>	<u>Contractual</u>	<u>Commodities</u>	<u>Equipment</u>	<u>Total</u>	<u>General Fund</u>	<u>Other</u>	<u>PFT</u>	<u>Man Mos</u>
S.E. Design and Construction	275.0	-	-	-	-	275.0	50.0	225.0	5	60
Info. Systems	40.0	-	67.4	-	-	107.4	107.4	-	1	12
Support Services	796.1	-	10.0	2.5	-	808.6	808.6	-	26.5	318
S.E. Region	50.0	-	1.0	.2	-	51.2	51.2	-	1.5	18
	<u>1161.1</u>	<u>0</u>	<u>78.4</u>	<u>2.7</u>	<u>0</u>	<u>1242.2</u>	<u>1017.2</u>	<u>225.0</u>	<u>34.0</u>	<u>408</u>

1598651

7

Bill Analysis by Rep. Bette Cato's office

HB 651

"An Act relating to ferries and ferry terminals and establishing the Alaska Marine Highway Authority"

Sec. 1 Purpose : The purpose of this act is to establish an authority for the operation, management, and planning and construction of facilities for the marine highway system that is independent of state government. The authority shall be the exclusive state agency directly associated with the operation, management, planning and construction of facilities for the marine highway system.

Sec. 2 Adds a new chapter 70 to title 19; AS 19.70.010, ALASKA MARINE HIGHWAY AUTHORITY.

This section creates the Marine Highway Authority as a public corporation of the state. The corporation is an instrumentality of the state in the Department of Transportation and Public Facilities but has a legal existence independent of and separate from the state and continues until its existence is terminated by law.

Sec. 19.70.020. DIRECTORS Directors, consists of seven directors, the commissioner of DOT/PF, ex-officio, (non-voting), and six directors appointed by the governor with the following qualifications; a representative of commercial carriers, representative of the maritime industry, a representative of the tourism industry, and three members of the public representing regions, Region 1, southeast Alaska, Kodiak, Region 2, and Region 3, southcentral (Prince William Sound).

Most language in this section is boilerplate "board" language pertaining to qualifications, conflict of interest... Directors serve without compensation, but are entitled to travel and per diem expenses.

Sec. 19.70.030 OFFICERS AND QUORUM The directors elect a chairman from their number. The directors shall elect a secretary that need not be one of the directors. Four directors constitute a quorum. Majority motions or action may be taken.

Sec. 19.70.040 STAFF The authority may employ staff, may contract for services in exercising it's powers.

Sec. 19.70.050 POWERS OF THE AUTHORITY Sets out powers and obligations of the authority.

Sec. 19.70.060 authorizes the name for the system; "ALASKA MARINE HIGHWAY SYSTEM."

Sec. 19.70.070 COMPREHENSIVE LONG RANGE PLAN, mandates a comprehensive long range plan for the marine highway system that shall be updated at least every five years.

Sec. 19.70.080 ACQUISITION OF LAND AND EASEMENTS, sets out procedures that the authority utilizes to acquire property.

Sec. 19.70.090 AUTHORITY TO PURCHASE PROPERTY FOR THE PURPOSE OF EXCHANGE allows the authority to purchase property for exchange.

Sec. 19.70.100 VACATING OF LAND OR RIGHTS IN LAND, This section allows the authority to vacate land or use rights by filing a deed in the appropriate recording district. Upon vacating, title reverts to persons, heirs, successors, or assigns in whom it was vested at the time of the taking. The authority may transfer land to the Department of Natural Resources for disposal, proceeds of which go to the General Fund.

Sec. 19.70.110. ANNUAL REPORT. By March 1 of each year, the authority shall submit to the governor and the legislature a comprehensive report describing the operations, income, and expenditures for the preceding calendar year.

Sec. 19.70.120 ANNUAL AUDIT Also by March 1, records shall be checked by a CPA. Allows a legislative auditor access to these records at any time.

Sec. 19.70.130 BUDGET AND APPROPRIATIONS The authority is funded by the legislature through the governor by the Executive Budget Act (AS 37.07) Money is directly appropriated and may be spent as authorized.

Sec. 19.70.140 PUBLIC RECORDS; OPEN MEETINGS. Subject the authority to open meetings and public records.

Sec. 19.70.150 NAMING OF VESSEL OR FACILITY sets guidelines for naming

Sec. 19.70.160 DEFINITIONS should be self explanatory.

Sec. 3 AS 19.60.010 and following sections of the bill are amended to read "authority" instead of "Department" giving the authority jurisdiction in law where the department had been specified.

No other substantive changes have been made in this bill

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. CSHB 651 - Establishing the Alaska Marine
 Title Highway Authority
 Requested by House Transportation Date 3/26/82

II. FISCAL DETAIL
 Agency Affected Department of Transportation & Public Facilities
 Program Category Affected Transportation
 BRU, Program, Or Subprogram(s) Affected _____
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES		925.4				
200 TRAVEL		92.3				
300 CONTRACTUAL		708.8				
400 COMMODITIES		107.3				
500 EQUIPMENT		621.5				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		2455.3	1342.9	1437.7	1539.2	1877.9

FUNDING (Thousands of Dollars)

GENERAL FUND		2230.3	1094.6	1169.0	1255.0	1573.7
FEDERAL FUNDS						
OTHER (Specify Source)						
CIP		<225.0>	<248.5>	<268.7>	<284.2>	<304.2>

POSITIONS

FULL TIME		22	22	22	22	22
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instruction, Section III)

This fiscal note shows the net expected cost to the State under the attached assumptions. Costs for FY 84 reflect the deletion of one time items and addition of inflation at 7%.

The assumptions used in this fiscal note do not have the authority utilizing its full powers for separation and therefore have reduced the costs. If additional authority is desired, the costs would increase.

Before accurate costs can be determined for this bill, a substantial amount of time should be devoted to determining the requirements for separation of duties from the State system as well as estimating the amount of autonomy the authority would desire.

DATE 3/31/82 PREPARED BY RON LIND
 AGENCY DOT/PE
 Original: Legislative Finance PHONE 465-3900
 cc: Budget and Management

Prime Sponsor (First Legislator Named)
 33-001 (Rev. 12/81)

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. CSHB 651 - Establishing the Alaska Marine
 Title Highway Authority
 Requested by House Transportation Date 3/26/82

II. FISCAL DETAIL
 Agency Affected Department of Transportation & Public Facilities
 Program Category Affected Marine Transportation
 BRU, Program, Or Subprogram(s) Affected _____
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES		2086.5	2232.6			
200 TRAVEL		92.3	99.6			
300 CONTRACTUAL		787.4	260.7			
400 COMMODITIES		110.0	64.2			
500 EQUIPMENT		621.5	15.0			
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		3697.7	2672.1	2859.9	3060.9	3506.2

FUNDING (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
GENERAL FUND		3697.7	2672.1	2859.9	3060.9	3506.2
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
FULL TIME		56.0	56.0	56.0	56.0	56.0
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instruction, Section III)

Additions required to the Marine Transportation budget.

See attachments.

IV. DATE 3/31/82 PREPARED BY RON LIND
 AGENCY DOT/PF
 Original: Legislative Finance PHONE 465-3900
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)
 33-001 (Rev. 12/81)

III. ANALYSIS

There are administrative and organizational topics not specifically addressed in either House Bill No. 651, "An Act relating to ferry and ferry terminals and establishing the Alaska Marine Highway Authority", or House Bill No. 661, "An Act establishing the Alaska Marine Highway Authority". Since the proposed legislation is similar in each of these bills, we are making the following assumptions in preparation of fiscal notes for each bill.

1. There is no offsetting credit taken for the expenditure of earned revenue to support the cost of operation of "Alaska Marine Highway Authority". In actuality, the initial cost would be the same if funding came from a direct appropriation for the full cost of operations from the legislature with earned revenue returned to the General Fund, or if earned revenue was expended with an appropriation to support the shortfall.
2. It is assumed the "Alaska Marine Highway Authority's" Payroll, Personnel, and Accounting systems would feed into the existing State systems to insure checks and balances, and would eliminate the necessity of creating a duplicate system.
3. We have assumed that initial start-up costs will be fully funded by the Legislature.
4. It is assumed the "Authority's" funding would be at the Division level and allocated to operating components as set out in its budget.
5. We have assumed a General Fund Subsidy for the difference between the total operating cost and the expected revenue for each fiscal year. We have further assumed that the total amount authorized would be available at the beginning of each fiscal year to allow the "Authority" to plan operations for each year.

6. The same inflation factor would apply to the "Authority's" budget request as followed by State agencies. We have assumed it to be seven percent (7%) for the fiscal note.
7. Initially the "Authority" would continue direct involvement with the State in the following:
 - A. Occupancy of a State owned office building.
 - B. Continued support from the State mail system.
 - C. Access to the State equipment fleet.
 - D. Access to the Statewide purchasing contract (i.e., fuel).
 - E. Continued use of "shared" communications lines through Department of Administration, Division of Communications.
 - F. Continued insurance, bonding, etc., as now supplied through Department of Administration, Division of Risk Management.
 - G. Legal service from the Attorney Generals' office.
8. We have assumed that Department of Transportation and Public Facilities transferred employees would bring their own equipment and that equipment for the proposed thirty (30) new hire employees would be \$76.5.
9. We have assumed the "Authority" would require its own computer services for reservations, cost accounting, dispatching vessels crews, and payroll input; and that one time costs would be \$545.0 for hardware and \$250.0 for software.
10. Assuming expansion, the first year shows one time start-up funds for Contractual \$543.6; (Software \$250.0; Legal Services \$200.0; Additional Space Rental \$93.6); and \$50.0 Commodities (primarily office supplies).

Summary - 200 - 500 Accounts: Of \$1623.0 shown for the first year, \$1145.6 is a first time start-up cost. Yearly maintenance of all 200 through 500 Accounts would be around \$475.0 per year.

11. Of the \$2086.5 increase in Personal Services, \$1172.4 is assumed to be positions already within the Department of Transportation and Public Facilities performing similar services in Finance, Supply, Payroll, Design and Construction, and Personnel for the Division of Marine Highway Systems. The actual increase then would be \$914.1 for Personal Services to fund eight (8) upgraded positions and twenty-four (24) new positions.

<u>MHS</u> <u>EXISTING</u>	<u>DOT</u> <u>TRANSFERS</u>	<u>NEW</u> <u>POSITIONS</u>	<u>TOTAL</u> <u>POSITIONS</u>
PFT 36	PFT 32	PFT 24	PFT 92
PPT 4			PPT 4

This is a total of ninety-two (92) Permanent Full Time and four (4) Permanent Part Time Administrative positions, with a total of thirty-one (31) Supervisors (Range 18 and above) and sixty-five (65) support positions to operate and supervise nine vessels (725 employees) and twenty-six Shore Facilities (twenty-eight (28) Permanent and twenty-three (23) Permanent Part Time employees). No increase has been made in Vessel or Shore Facility Personnel.

Approximately \$225,000 of CIP funded positions are proposed to be general funded because they would be considered more operational.

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST
Bill/Resolution No. CSHB 667/651 - Establishing the Alaska Marine
Title Highway Authority
Requested by House Transportation Committee Date 3/26/82

II. FISCAL DETAIL
Agency Affected Department of Transportation and Public Facilities
Program Category Affected Transportation
BRU, Program, Or Subprogram(s) Affected various-See Analysis
(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES		<1161.1>				
200 TRAVEL		0				
300 CONTRACTUAL		<78.4>				
400 COMMODITIES		<2.7>				
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		<1242.2>	<1329.2>	<1422.2>	<1521.7>	<1628.3>

FUNDING (Thousands of Dollars)

GENERAL FUND		<1017.2>	<1080.9>	<1156.5>	<1237.5>	<1324.1>
FEDERAL FUNDS						
OTHER (Specify Source)		<225.0>	<248.3>	<268.7>	<284.2>	<304.2>

POSITIONS

FULL TIME		<34>	<34>	<34>	<34>	<34>
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instruction, Section III)

Identifies costs and positions dedicated to Marine Transportation under current systems. (See attached).

IV. DATE 3/31/82 PREPARED BY Paul Lind
AGENCY DOT/PF
Original: Legislative Finance PHONE 465-3900
cc: Budget and Management
Prime Sponsor (First Legislator Named)
33-001 (Rev. 12/81)

1598 HSS

	<u>Personal Services</u>	<u>Travel</u>	<u>Contractual</u>	<u>Commodities</u>	<u>Equipment</u>	<u>Total</u>	<u>General Fund</u>	<u>Other</u>	<u>PFT</u>	<u>Man Mos</u>
S.E. Design and Construction	275.0	-	-	-	-	275.0	50.0	225.0	5	60
Info. Systems	40.0	-	67.4	-	-	107.4	107.4	-	1	12
Support Services	796.1	-	10.0	2.5	-	808.6	808.6	-	26.5	318
S.E. Region	50.0	-	1.0	.2	-	51.2	51.2	-	1.5	18
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	1161.1	0	78.4	2.7	0	1242.2	1017.2	225.0	34.0	408

7

HB 651

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. HB 651 - Establishing the Alaska Marine
 Title Highway Authority
 Requested by House Transportation Committee Date 1/21

II. FISCAL DETAIL
 Agency Affected Department of Transportation & Public Facilities
 Program Category Affected Transportation
 BRU, Program, Or Subprogram(s) Affected _____
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES		925.4				
200 TRAVEL		104.3				
300 CONTRACTUAL		708.8				
400 COMMODITIES		107.3				
500 EQUIPMENT		621.5				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		2467.3	1354.9	1449.7	1551.2	1889.9

FUNDING (Thousands of Dollars)

GENERAL FUND		2242.3	1106.6	1181.0	1267.0	1585.7
FEDERAL FUNDS						
OTHER (Specify Source) CIP		<225.0>	<248.3>	<268.7>	<284.2>	<304.2>

POSITIONS

FULL TIME		22	22	22	22	22
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instruction, Section III)

This fiscal note shows the net expected cost to the State under the attached assumptions. Costs for FY 84 reflect the deletion of one time items and addition of inflation at 7%.

The assumptions used in this fiscal note do not have the authority utilizing its full powers for separation and therefore have reduced the costs. If additional authority is desired, the costs would increase.

Before accurate costs can be determined for this bill, a substantial amount of time should be devoted to determining the requirements for separation of duties from the State system as well as estimating the amount of autonomy the authority would desire.

IV. DATE 2/9/82 PREPARED BY R Lind J Eide
 AGENCY DOT/PF
 Original: Legislative Finance PHONE 465-3900 465-3950
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)
 33-001 (Rev. 12/81)

AA

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. HB 651 - Establishing the Alaska Marine
 Title Highway Authority
 Requested by House Transportation Committee Date 1/21

II. FISCAL DETAIL
 Agency Affected Department of Transportation and Public Facilities
 Program Category Affected Marine Transportation
 BRU, Program, Or Subprogram(s) Affected _____
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES		2086.5	2232.6			
200 TRAVEL		104.3	111.6			
300 CONTRACTUAL		787.4	260.7			
400 COMMODITIES		110.0	64.2			
500 EQUIPMENT		621.5	15.0			
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		3709.7	2684.1	2871.9	3072.9	3518.2

FUNDING (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
GENERAL FUND		3709.7	2684.1	2871.9	3072.9	3518.2
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
FULL TIME		56.0	56.0	56.0	56.0	56.0
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instruction, Section III)

Additions required to the Marine Transportation budget.

See attachments.

IV. DATE _____ PREPARED BY Jim Eide /
 AGENCY DOT/PF
 Original: Legislative Finance PHONE 465-3980
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)
 33-001 (Rev. 12/81)

III. ANALYSIS

There are administrative and organizational topics not specifically addressed in either House Bill No. 651, "An Act relating to ferry and ferry terminals and establishing the Alaska Marine Highway Authority", or House Bill No. 661, "An Act establishing the Alaska Marine Highway Authority". Since the proposed legislation is similar in each of these bills, we are making the following assumptions in preparation of fiscal notes for each bill.

1. There is no offsetting credit taken for the expenditure of earned revenue to support the cost of operation of "Alaska Marine Highway Authority". In actuality, the initial cost would be the same if funding came from a direct appropriation for the full cost of operations from the legislature with earned revenue returned to the General Fund, or if earned revenue was expended with an appropriation to support the shortfall.
2. It is assumed the "Alaska Marine Highway Authority's" Payroll, Personnel, and Accounting systems would feed into the existing State systems to insure checks and balances, and would eliminate the necessity of creating a duplicate system.
3. We have assumed that initial start-up costs will be fully funded by the Legislature.
4. It is assumed the "Authority's" funding would be at the Division level and allocated to operating components as set out in its budget.
5. We have assumed a General Fund Subsidy for the difference between the total operating cost and the expected revenue for each fiscal year. We have further assumed that the total amount authorized would be available at the beginning of each fiscal year to allow the "Authority" to plan operations for each year.

6. The same inflation factor would apply to the "Authority's" budget request as followed by State agencies. We have assumed it to be seven percent (7%) for the fiscal note.
7. Initially the "Authority" would continue direct involvement with the State in the following:
 - A. Occupancy of a State owned office building.
 - B. Continued support from the State mail system.
 - C. Access to the State equipment fleet.
 - D. Access to the Statewide purchasing contract (i.e., fuel).
 - E. Continued use of "shared" communications lines through Department of Administration, Division of Communications.
 - F. Continued insurance, bonding, etc., as now supplied through Department of Administration, Division of Risk Management.
 - G. Legal service from the Attorney Generals' office.
8. We have assumed that Department of Transportation and Public Facilities transferred employees would bring their own equipment and that equipment for the proposed thirty (30) new hire employees would be \$76.5.
9. We have assumed the "Authority" would require its own computer services for reservations, cost accounting, dispatching vessels crews, and payroll input; and that one time costs would be \$545.0 for hardware and \$250.0 for software.
10. Assuming expansion, the first year shows one time start-up funds for Contractual \$543.6; (Software \$250.0; Legal Services \$200.0; Additional Space Rental \$93.6); and \$50.0 Commodities (primarily office supplies).

Summary - 200 - 500 Accounts: Of \$1623.0 shown for the first year, \$1145.6 is a first time start-up cost. Yearly maintenance of all 200 through 500 Accounts would be around \$475.0 per year.

11. Of the \$2086.5 increase in Personal Services, \$1172.4 is assumed to be positions already within the Department of Transportation and Public Facilities performing similar services in Finance, Supply, Payroll, Design and Construction, and Personnel for the Division of Marine Highway Systems. The actual increase then would be \$914.1 for Personal Services to fund eight (8) upgraded positions and twenty-four (24) new positions.

<u>MHS EXISTING</u>	<u>DOT TRANSFERS</u>	<u>NEW POSITIONS</u>	<u>TOTAL POSITIONS</u>
PFT 36	PFT 32	PFT 24	PFT 92
PPT 4			PPT 4

This is a total of ninety-two (92) Permanent Full Time and four (4) Permanent Part Time Administrative positions, with a total of thirty-one (31) Supervisors (Range 18 and above) and sixty-five (65) support positions to operate and supervise nine vessels (725 employees) and twenty-six Shore Facilities (twenty-eight (28) Permanent and twenty-three (23) Permanent Part Time employees). No increase has been made in Vessel or Shore Facility Personnel.

Approximately \$225,000 of CIP funded positions are proposed to be general funded because they would be considered more operational

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST
Bill/Resolution No. HB 667/657 - Establishing the Alaska Marine
Title Highway Authority
Requested by House Transportation Committee Date 1/21

II. FISCAL DETAIL
Agency Affected Department of Transportation and Public Facilities
Program Category Affected Transportation
BRU, Program, Or Subprogram(s) Affected various-See Analysis
(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES		<1161.1>				
200 TRAVEL		0				
300 CONTRACTUAL		<78.4>				
400 COMMODITIES		<2.7>				
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		<1242.2>	<1329.2>	<1422.2>	<1521.7>	<1628.3>

FUNDING (Thousands of Dollars)

GENERAL FUND		<1017.2>	<1080.9>	<1156.5>	<1237.5>	<1324.1>
FEDERAL FUNDS						
OTHER (Specify Source)		<225.0>	<248.3>	<268.7>	<284.2>	<304.2>

POSITIONS

FULL TIME		<34>	<34>	<34>	<34>	<34>
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instruction, Section III)

Identifies costs and positions dedicated to Marine Transportation under current systems. (See attached).

IV. DATE 2/9/82 PREPARED BY R Lind
AGENCY DOT/PF
Original: Legislative Finance PHONE 465-3900
cc: Budget and Management
Prime Sponsor (First Legislator Named)
33-001 (Rev. 12/81)

	<u>Personal Services</u>	<u>Travel</u>	<u>Contractual</u>	<u>Commodities</u>	<u>Equipment</u>	<u>Total</u>	<u>General Fund</u>	<u>Other</u>	<u>PFT</u>	<u>Man Mos</u>
S.E. Design and Construction	275.0	-	-	-	-	275.0	50.0	225.0	5	60
Info. Systems	40.0	-	67.4	-	-	107.4	107.4	-	1	12
Support Services	796.1	-	10.0	2.5	-	808.6	808.6	-	26.5	318
S.E. Region	50.0	-	1.0	.2	-	51.2	51.2	-	1.5	18
	<u>1161.1</u>	<u>0</u>	<u>78.4</u>	<u>2.7</u>	<u>0</u>	<u>1242.2</u>	<u>1017.2</u>	<u>225.0</u>	<u>34.0</u>	<u>408</u>

1598
18651

7

TESTIMONY ON CS HB 648, CS HB 649, CS HB 651,
CS HB 652 and CS HB 654

My name is Walter B. Parker. I am a resident of Anchorage, Alaska residing at 3724 Campbell Airstrip Road. I have been active in Alaskan transportation operations and planning since 1946.

CS HB 651

I support the concept of the Marine Highway Authority and believe it could work well with a restructured DOT. I believe the Authority could have financing options available that would be more difficult to achieve as a regular state agency.

If the legislature elects to establish this Authority I would urge to allow for a reasonable break in period. It will not be possible for the Authority to impress itself overnight on the old operation and the real gains make take five years or longer to achieve.

In passing, it would seem that board members of the Authority should receive the same compensation as other major state boards.

This amendment is suggested so that the authority will have seven voting members instead of six and so that southeast Alaska that has the highest dependence on the marine highway system, as well as the largest budget allocation, have adequate representation.

A M E N D M E N T

Offered in the HOUSE

By Cato

TO: CSHB 651(Trsp)

Page 1, line 24:

Delete "seven" and insert "eight"

Page 1, line 27:

Delete "six" and insert "seven"

Page 1, line 29:

Delete "three" and insert "four"

Page 2, line 1:

Delete "with one" and "each of the following"

Page 2, line 2, following "highway":

Insert "as follows"

Page 2, line 2, following "(1)":

Insert "two members from"

Page 2, line 3, following "(2)" and following "(3)":

Insert "one member from"

Page 9, line 9:

Delete "six" and insert "seven"

Page 9, line 12:

Delete "two" and insert "three"

Introduced: 1/11/82
Referred: Transportation and
Finance

1 IN THE HOUSE BY THE TRANSPORTATION COMMITTEE

2 HOUSE BILL NO. 651

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to ferries and ferry terminals and
7 establishing the Alaska Marine Highway Authority."

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

9 * Section 1. PURPOSE. The purpose of this Act is to establish an
10 authority for the operation, management, and planning and construction of
11 facilities for the marine highway system that is independent of the state
12 government. The authority shall be the exclusive state agency directly
13 associated with the operation, management, planning and construction of
14 facilities for the marine highway system.

15 * Sec. 2. AS 19 is amended by adding a new chapter to read:

16 CHAPTER 70. ALASKA MARINE HIGHWAY AUTHORITY.

17 ARTICLE 1. CREATION AND ORGANIZATION.

18 Sec. 19.70.010. ALASKA MARINE HIGHWAY AUTHORITY. The Alaska
19 Marine Highway Authority is established. The authority is a public
20 corporation of the state. The corporation is an instrumentality of the
21 state in the Department of Transportation and Public Facilities but has
22 a legal existence independent of and separate from the state and has
23 continuing succession until its existence is terminated by law. The
24 authority's existence may not be terminated as long as it has bonds,
25 notes or other obligations outstanding.

26 Sec. 19.70.020. DIRECTORS. (a) The authority consists of eight
27 directors including the commissioner of transportation and public facili-
28 ties, who shall be a director ex officio without voting privileges, and
29 seven directors appointed by the governor as follows: an attorney, an

1 economist, a representative of commercial carriers, a representative of
2 the maritime industry, a representative of the tourism industry, and two
3 members of the public. The appointment of each director other than the
4 commissioner of transportation and public facilities is subject to
5 confirmation by the legislature.

6 (b) The directors appointed by the governor serve at his pleasure
7 for four-year terms. Each director shall hold office for the term of
8 his appointment and until his successor is appointed and qualified. A
9 director is qualified for reappointment. A vacancy in a directorship
10 occurring other than by expiration of term shall be filled in the same
11 manner as the original appointment but only for the unexpired term.

12 (c) The directors must be residents of the state and qualified
13 voters at the time of appointment and shall comply with the requirements
14 of AS 39.50 (conflict of interest). Each director before entering upon
15 his duties shall take and subscribe to an oath to perform the duties of
16 his office faithfully, impartially, and justly to the best of his abili-
17 ty. A record of the oath shall be filed with the Office of the Governor.

18 (d) The directors of the authority serve without compensation, but
19 are entitled to travel and per diem expenses as provided in AS 39.20.180.

20 Sec. 19.70.030. OFFICERS AND QUORUM. The directors shall elect
21 one of their number as chairman. The directors shall elect a secretary
22 and a treasurer who need not be directors, and the same person may be
23 elected to serve both as secretary and treasurer. The powers of the
24 authority are vested in the directors, and four voting directors of the
25 authority constitute a quorum. Action may be taken and motions and
26 resolutions adopted by the authority at any meeting by the affirmative
27 vote of at least four directors. A vacancy in the directorship of the
28 authority does not impair the right of a quorum to exercise all the
29 powers and perform all the duties of the authority.

1 Sec. 19.70.040. STAFF. The authority shall employ an executive
2 director who serves at the pleasure of the authority as its chief admin-
3 istrative officer. The executive director may with the approval of the
4 authority select and employ additional staff as necessary. Employees of
5 the authority other than legal counsel and the executive director are in
6 the classified service under AS 39.25. In addition to its staff of
7 regular employees, the authority may contract for and engage the ser-
8 vices of the bond counsel, consultants, and professional, technical and
9 financial advisors the authority considers necessary for the purpose of
10 developing information, conducting hearings, studies, investigations or
11 other proceedings, or otherwise exercising its powers.

12 ARTICLE 2. POWERS AND DUTIES.

13 Sec. 19.70.050. POWERS OF AUTHORITY. In addition to other powers
14 granted in this chapter, the authority may

- 15 (1) sue and be sued;
- 16 (2) adopt and alter an official seal;
- 17 (3) make and enforce bylaws and regulations for the conduct
18 of its business and for the use of its services and facilities;
- 19 (4) maintain offices at any place in the state and at places
20 out of the state which are served by the marine highway system;
- 21 (5) acquire, hold, use and dispose of its income, revenues,
22 funds and money;
- 23 (6) acquire, hold, use, lease, rent, construct and dispose of
24 real and personal property for its purposes;
- 25 (7) exercise the power of eminent domain according to the
26 provisions of this chapter and the procedures set out in AS 09.55.240 -
27 09.55.460;
- 28 (8) borrow money as provided in this chapter and issue its
29 obligations as evidence of that borrowing;

1 (9) operate, maintain, improve, and extend a system of
2 ferries connecting with the public roads and highways of the state and
3 including the boats, vessels, wharves, docks, approaches, landings and
4 appurtenances the authority determines to be necessary or desirable for
5 safe and efficient operation of the ferry system so as to best serve the
6 public;

7 (10) do all acts and things necessary, convenient or desirable
8 to carry out the powers expressly granted or necessarily implied in this
9 chapter.

10 Sec. 19.70.060. "ALASKA MARINE HIGHWAY SYSTEM": NAME AUTHORIZED.
11 The authority is authorized to operate its ferry system under the name
12 "Alaska marine highway system".

13 Sec. 19.70.070. COMPREHENSIVE LONG-RANGE PLAN. The authority,
14 with the cooperation of the Department of Transportation and Public
15 Facilities, shall prepare a comprehensive long-range plan for the devel-
16 opment and improvement of the marine highway system. The plan shall be
17 revised and updated at least every five years.

18 ARTICLE 3. FINANCIAL PROVISIONS.

19 Sec. 19.70.080. REVENUE BONDS AUTHORIZED. (a) For the purpose of
20 paying the cost of part or all of any capital improvement to the marine
21 highway system, the authority may borrow money and may issue bonds,
22 including but not limited to bonds on which the principal and interest
23 are payable (1) exclusively from the income and receipts or other money
24 derived from the capital improvement financed with the proceeds from the
25 bonds; (2) exclusively from the income and receipts or other money
26 derived from designated capital improvements whether or not they are
27 financed in whole or in part with the proceeds of the bonds; (3) from
28 its income and receipts or other assets generally, or a designated part
29 or parts of them; or (4) from one or more revenue-producing contracts

1 including a contract providing for the security of the bonds made by the
2 authority with any person. The authority may issue bonds to pay, fund
3 or refund the principal of, or interest or redemption premiums on, bonds
4 issued by it, whether or not the bonds or interest to be funded or
5 refunded have become due.

6 (b) Bonds shall be authorized by resolution of the authority, and
7 shall be dated and shall mature as the resolution may provide, except
8 that no bond may mature more than 50 years from the date of its issue.
9 Bonds shall bear interest at the rates, be in the denominations, be in
10 the form, either coupon or registered, carry the registration privi-
11 leges, be executed in the manner, be payable in the medium of payment,
12 at the places, and be subject to the terms of redemption which the
13 resolution or a subsequent resolution may provide.

14 (c) All bonds, regardless of form or character, shall be nego-
15 tiable instruments for all the purposes of the Uniform Commercial Code.

16 (d) All bonds may be sold at public or private sale in the manner,
17 for the price or prices, and at the time or times the authority may
18 determine.

19 Sec. 19.70.090. TRUST INDENTURES AND TRUST AGREEMENTS. (a) In
20 the discretion of the authority, an issue of bonds may be secured by a
21 trust indenture or trust agreement between the authority and a corporate
22 trustee (which may be a trust company, bank, or national banking asso-
23 ciation, with corporate trust powers, located inside or outside the
24 state) or by a secured loan agreement or other instrument or under a
25 resolution giving powers to a corporate trustee by means of which the
26 authority may

27 (1) make and enter into any and all the covenants and agree-
28 ments with the trustee or the holders of the bonds that the authority
29 may determine to be necessary or desirable, including, without limita-

1 tion, covenants, provisions, limitations, and agreements as to the

2 (A) application, investment, deposit, use, and disposi-
3 tion of the proceeds of bonds of the authority or of money or other
4 property of the authority in which it has an interest;

5 (B) fixing and collection of rentals, charges, fees, or
6 other consideration for, and the other terms to be incorporated in,
7 contracts for a capital improvement;

8 (C) assignment by the authority of its rights in con-
9 tracts for a capital improvement or in a mortgage or other security
10 interest created for a capital improvement to a trustee for the
11 benefit of the bondholders;

12 (D) terms and conditions upon which additional bonds of
13 the authority may be issued;

14 (E) vesting in a trustee of rights, powers, duties,
15 funds, or property in trust for the benefit of bondholders, includ-
16 ing, without limitation, the right to enforce payment, performance,
17 and all other rights of the authority or of the bondholders, under
18 a lease, power of contract, contract of sale, mortgage, security
19 agreement, or trust agreement for a capital improvement by mandamus
20 or other proceeding or by taking possession of by agent or other-
21 wise and operating a capital improvement and collecting rents or
22 other consideration and applying these in accordance with the trust
23 agreement;

24 (2) pledge, mortgage or assign money, leases, agreements,
25 property or other rights or assets of the authority either presently in
26 hand or to be received in the future, or both; and

27 (3) provide for any other matters of like or different char-
28 acter that in any way affect the security or protection of the bonds.

29 (b) Notwithstanding any other provisions of this chapter, the

1 trust agreement shall contain a covenant by the authority that it will
2 at all times maintain rates, fees, tariffs, or charges sufficient to
3 pay, and that a contract entered into by the authority for the carriage
4 of passengers or self-propelled vehicles, or both, shall contain rates,
5 fees, tariffs, or charges sufficient to pay, the costs of operation and
6 maintenance of the capital improvement, the principal of and interest on
7 bonds issued under the trust agreement as they severally become due and
8 payable, to provide for debt service coverage as considered necessary by
9 the authority for the marketing of its bonds and to provide for renew-
10 als, replacements and improvements to the capital improvement, and to
11 maintain reserves required by the terms of the trust agreement.

12 (c) For the purpose of securing any one or more issues of its
13 bonds, the authority may establish one or more special funds, called
14 "capital reserve funds", and shall pay into those capital reserve funds
15 the proceeds of the sale of its bonds and any other money that may be
16 made available to the authority for the purpose of those funds from any
17 other source. The funds shall be established only if the authority
18 determines that the establishment would enhance the marketability of the
19 bonds. All money held in a capital reserve fund, except as provided in
20 this section, shall be used as required, solely for (1) the payment of
21 the principal of and interest on bonds or of the sinking fund payments
22 with respect to those bonds, (2) the purchase or redemption of bonds, or
23 (3) the payment of a redemption premium required to be paid when those
24 bonds are redeemed before maturity. However, money in a fund may not be
25 withdrawn from it at any time in an amount that would reduce the amount
26 of the fund to less than the capital reserve requirement set out in (d)
27 of this section, except for the purpose of making, with respect to those
28 bonds, payment, when due, of principal, interest, redemption premiums
29 and the sinking fund payments for the payment of which other money of

1 the authority is not available. Income or interest earned by, or incre-
2 ment to, a capital reserve fund, due to the investment of the fund or
3 any other amounts in it, may be transferred by the authority to other
4 funds or accounts of the authority to the extent that the transfer does
5 not reduce the amount of the capital reserve fund below the capital
6 reserve fund requirement.

7 (d) If the authority decides to issue bonds secured by a capital
8 reserve fund, the bonds may not be issued if the amount in the capital
9 reserve fund is less than such a percent, not exceeding 10 percent, of
10 the principal amount of all of those bonds secured by that capital
11 reserve fund then to be issued and then outstanding in accordance with
12 their terms, as may be established by resolution of the authority
13 (called the "capital reserve fund requirement"), unless the authority,
14 at the time of issuance of the obligations, deposits in the capital
15 reserve fund from the proceeds of the obligations to be issued or from
16 other sources, an amount which, together with the amount then in the
17 fund, will not be less than the capital reserve fund requirement.

18 (e) In computing the amount of a capital reserve fund for the
19 purpose of this section, securities in which all or a portion of the
20 funds are invested shall be valued by some reasonable method established
21 by the authority by resolution. Valuation on a particular date shall
22 include the amount of any interest earned or accrued to that date.

23 (f) The chairman of the authority shall annually, no later than
24 January 2, make and deliver to the governor and the legislature his
25 certificate stating the sum, if any, required to restore any capital
26 reserve fund to the capital reserve fund requirement. The legislature
27 may appropriate that sum, and all sums appropriated during the then
28 current fiscal year by the legislature for the restoration shall be
29 deposited by the authority in the proper capital reserve fund. Nothing

1 in this section creates a debt or liability of the state.

2 (g) When the authority has created and established a capital
3 reserve fund, the commissioner of revenue may lend surplus money in the
4 general fund to the authority for deposit in a capital reserve fund in
5 an amount equal to the capital reserve fund requirement. The loans
6 shall be made on the terms and conditions that may be agreed upon by the
7 commissioner of revenue and the authority, including, without limita-
8 tion, terms and conditions providing that the loans need not be repaid
9 until the obligations of the authority secured and to be secured by the
10 capital reserve fund are no longer outstanding.

11 Sec. 19.70.100. VALIDITY OF PLEDGE. It is the intention of the
12 legislature that a pledge made in respect of bonds shall be valid and
13 binding from the time the pledge is made; that the money or property so
14 pledged and thereafter received by the authority shall immediately be
15 subject to the lien of the pledge without physical delivery or further
16 act; and that the lien of the pledge shall be valid and binding as
17 against all parties having claims of any kind in tort, contract, or
18 otherwise against the authority irrespective of whether the parties have
19 notice. The resolution, trust agreement, or any other instrument by
20 which a pledge is created need not be recorded or filed under the provi-
21 sions of the Uniform Commercial Code to be valid, binding, or effective
22 against the parties.

23 Sec. 19.70.110. NONLIABILITY ON BONDS. (a) A director of the
24 authority or a person executing the bonds on behalf of the authority is
25 not liable personally on the bonds and is not subject to personal lia-
26 bility or accountability by reason of the issuance of the bonds.

27 (b) The bonds issued by the authority do not constitute an in-
28 debtedness or other liability of the state or of a political subdivision
29 of the state, except the authority, but shall be payable solely from the

1 income, receipts, or other funds or property of the authority. The
2 authority may not pledge the faith or credit of the state or of a poli-
3 tical subdivision of the state, except the authority, to the payment of
4 a bond, and the issuance of a bond by the authority does not directly,
5 indirectly, or contingently obligate the state or a political subdivi-
6 sion of the state to apply money from, or levy or pledge any form of
7 taxation whatever to the payment of the bond.

8 Sec. 19.70.120. PLEDGE OF THE STATE. The state pledges to and
9 agrees with the holders of the bonds issued under this chapter and with
10 any federal agency that loans or contributes funds for a capital im-
11 provement, that the state will not limit or alter the rights and powers
12 vested in the authority by this chapter to fulfill the terms of a con-
13 tract made by the authority with the holders or federal agency, or in
14 any way impair the rights and remedies of the holders until the bonds,
15 together with the interest on them with interest on unpaid installments
16 of interest, and all costs and expenses in connection with an action or
17 proceeding by or on behalf of the holders, are fully met and discharged.
18 The authority is authorized to include this pledge and agreement of the
19 state, insofar as it refers to holders of bonds of the authority, in a
20 contract with the holders, and insofar as it relates to a federal agency,
21 in a contract with the federal agency.

22 Sec. 19.70.130. TAX EXEMPTION. Property of the authority is
23 public property devoted to an essential public and governmental function
24 and purpose and is exempt from all taxes of the state or a political
25 subdivision of the state. Bonds issued under this chapter are issued by
26 a body corporate and public of this state and for an essential public
27 and governmental purpose and the bonds and the interest and income on
28 and from the bonds and all income of the authority are exempt from
29 taxation except for transfer, inheritance, and estate taxes.

1 Sec. 19.70.140. BONDS LEGAL INVESTMENTS FOR FIDUCIARIES. The
2 bonds of the authority are securities in which all public officers and
3 bodies of the state and all municipalities and municipal subdivisions,
4 all insurance companies and associations and other persons carrying on
5 any insurance business, all banks, bankers, trust companies, savings
6 banks, savings associations, including savings and loan associations and
7 building and loan associations, investment companies and other persons
8 carrying on a banking business, all administrators, guardians, execu-
9 tors, trustees and other fiduciaries, and all other persons whatsoever
10 who are now or may hereafter be authorized to invest in bonds or other
11 obligations of the state, may properly and legally invest funds includ-
12 ing capital in their control or belonging to them. Notwithstanding
13 other provisions of law, the bonds of the authority are also securities
14 that may be deposited with and may be received by all public officers
15 and bodies of the state and all municipalities and municipal subdivi-
16 sions for any purpose for which the deposit of bonds or other oblig-
17 ations of the state is now or may hereafter be authorized.

18 ARTICLE 4. ACQUISITION OF PROPERTY.

19 Sec. 19.70.150. ACQUISITION OF LAND, RIGHTS-OF-WAY, AND MATERIALS
20 BY PURCHASE OR EMINENT DOMAIN. The authority, as part of the cost of
21 constructing, maintaining, or improving a ferry system, may purchase,
22 acquire, take over, or condemn under the right and power of eminent
23 domain land in fee simple or easements that it considers necessary for
24 present public use, either temporary or permanent, or that it considers
25 necessary and reasonable for the public use. By the same means, the
26 authority may obtain material, including clay, gravel, sand, or rock, or
27 the land necessary to obtain the material, including access to it. The
28 authority may so acquire the land or materials notwithstanding the fact
29 that title to it is vested in the state or a department, agency, com-

1 mission or institution of the state.

2 Sec. 19.70.160. DECLARATION OF TAKING. A declaration of taking,
3 in the form of an order signed by a majority of the directors of the
4 authority, declaring that the real property, or an interest in it, or
5 any easement is necessary for the public use of the authority, is suf-
6 ficient to vest title in the authority. However, a declaration of
7 taking is not effective until eminent domain proceedings have been in-
8 stituted in the proper court, and a copy of the declaration of taking is
9 filed in the office of the recorder located in the recording district
10 where the land is located. The authority may pay or have paid, from the
11 appropriate fund, into court the amount it considers represents a rea-
12 sonable valuation for the land, easement or materials taken.

13 Sec. 19.70.170. AUTHORITY TO CONDEMN OR ACQUIRE PUBLICLY OWNED
14 PROPERTY FOR THE PURPOSE OF EXCHANGE. When property that is devoted to
15 or held for another public use for which the power of eminent domain may
16 be exercised is taken for purposes set out in this chapter, the author-
17 ity may, with the consent of the person or agency in charge of the other
18 public use, condemn other real property to be exchanged for the real
19 property so taken. This section does not limit the authorization of the
20 authority to acquire, other than by condemnation, property for those
21 purposes in any other manner.

22 Sec. 19.70.180. AUTHORITY TO PURCHASE PROPERTY FOR THE PURPOSE OF
23 EXCHANGE. When a majority of the directors of the authority declares
24 that it is in the best public interest of the state to do so, the auth-
25 ority may acquire by purchase or otherwise privately or publicly owned
26 land or an interest in it for the purpose of exchanging it for privately
27 or publicly owned land that the authority is authorized by law to ac-
28 quire.

29 Sec. 19.70.190. VACATING OF LAND OR RIGHTS IN LAND. The authority

1 may vacate land, or part of it, or rights in land acquired for use in
2 the marine highway system by executing and filing a deed in the approp-
3 riate recording district. Upon vacating, title reverts to the persons,
4 heirs, successors, or assigns in whom it was vested at the time of the
5 taking. The authority may transfer land no longer considered necessary
6 for use in the marine highway system to the Department of Natural Re-
7 sources for disposal. The proceeds of disposal by the Department of
8 Natural Resources shall be credited to the funds from which the purchase
9 was originally made.

10 ARTICLE 5. GENERAL PROVISIONS.

11 Sec. 19.70.200. ANNUAL REPORT. By March 1 of each year, the
12 authority shall submit to the governor and the legislature a compre-
13 hensive report describing the operations, income, and expenditures for
14 the preceding calendar year.

15 Sec. 19.70.210. ANNUAL AUDIT. The authority shall have its finan-
16 cial records audited annually by a certified public accountant. The
17 legislative auditor may prescribe the form and content of the financial
18 records of the authority and shall have access to those records at any
19 time.

20 Sec. 19.70.220. BUDGET AND APPROPRIATIONS. The authority shall
21 submit its annual budget to the legislature through the governor as
22 provided for state agencies by the Executive Budget Act (AS 37.07). It
23 may expend money directly appropriated by the legislature only as autho-
24 rized by the legislature.

25 Sec. 19.70.230. PUBLIC RECORDS; OPEN MEETINGS. The provisions of
26 AS 09.25.110 - 09.25.125 (public records) and AS 44.62.310 - 44.62.312
27 (open meetings) apply to the authority. The authority shall publish a
28 proposed agenda of each meeting and shall afford the public an oppor-
29 tunity to be heard in accordance with AS 44.62.312.

1 Sec. 19.70.240. NAMING OF VESSEL OR FACILITY. (a) A vessel or
2 facility of the Alaska marine highway system constructed or acquired by
3 the authority under this chapter or AS 19.60 may be given a name only by
4 law.

5 (b) A maritime vessel shall bear the name of an Alaska glacier.

6 (c) A vessel used principally on the inland waterways of the state
7 shall bear the name of an historical vessel that used the rivers of the
8 state.

9 Sec. 19.70.250. DEFINITIONS. In this chapter, unless the context
10 requires otherwise,

11 (1) "authority" means the Alaska Marine Highway Authority
12 established by this chapter;

13 (2) "bonds" means bonds, notes, or other obligations of the
14 authority issued under this chapter;

15 (3) "capital improvement" means a project for the construc-
16 tion, rehabilitation, rebuilding, enlarging, or improving of all or any
17 part of the marine highway system, including, without limitation, boats,
18 vessels, wharves, docks, approaches, landings, offices, and appurte-
19 nances as determined by the authority to be necessary or desirable for
20 efficient operation of the marine highway system and to best serve the
21 public;

22 (4) "ferry" means a vessel used in the common carriage of
23 passengers and self-propelled vehicles in intrastate commerce.

24 Sec. 19.70.260. SHORT TITLE. This chapter may be cited as the
25 Alaska Marine Highway Authority Act.

26 * Sec. 3. AS 19.60.010 is amended to read:

27 Sec. 19.60.010. ACQUISITION AND MAINTENANCE OF FERRY TERMINAL
28 FACILITIES. The authority [DEPARTMENT] shall construct, purchase or
29 lease ferry terminal facilities at locations it selects for the loading

1 and unloading of passengers and vehicles under their own power, on and
2 off ferries. The authority [DEPARTMENT] shall repair and maintain these
3 facilities.

4 * Sec. 4. AS 19.60.020 is amended to read:

5 Sec. 19.60.020. CONNECTION OF FACILITIES TO HIGHWAYS. The depart-
6 ment shall [MAY] connect ferry terminal facilities with local highway
7 systems.

8 * Sec. 5. AS 19.60.030 is amended to read:

9 Sec. 19.60.030. REGULATIONS. The authority [DEPARTMENT] may adopt
10 [RULES AND] regulations governing the use of ferry terminal facilities
11 by the public which it considers necessary and proper in the public
12 interest.

13 * Sec. 6. AS 19.60.040 is amended to read:

14 Sec. 19.60.040. PRIVATE ENTERPRISE NOT AFFECTED. Any person may
15 construct a ferry terminal facility upon obtaining the approval of the
16 authority [DEPARTMENT] as to its location. A ferry terminal facility
17 constructed by a person other than the authority [DEPARTMENT] is subject
18 to reasonable [RULES AND] regulations governing its use which the auth-
19 ority [DEPARTMENT] considers necessary and proper in the public interest.

20 * Sec. 7. AS 19.60.050 is amended to read:

21 Sec. 19.60.050. APPROVAL OF AUTHORITY [DEPARTMENT] REQUIRED FOR
22 CONSTRUCTION. A ferry terminal facility may [SHALL] not be constructed
23 without the approval of the authority [DEPARTMENT].

24 * Sec. 8. AS 19.60.070(1) is amended to read:

25 (1) "authority" ["DEPARTMENT"] means the Alaska Marine High-
26 way Authority [DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES];

27 * Sec. 9. AS 35.27.020 is amended by adding a new subsection to read:

28 (h) The requirements of this chapter apply to the Alaska Marine
29 Highway Authority. Fulfillment of the duties of the department under

1 this chapter is the sole responsibility of the authority with respect to
2 the public buildings and facilities of the authority.

3 * Sec. 10. AS 35.27.030(2) is amended to read:

4 (2) "building" or "facility" means a permanent improvement
5 constructed by the department or authority; the term

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

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

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

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

11 (iv) transportation facilities which accommodate
12 traveling passengers;

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

14 * Sec. 11. AS 35.27.030 is amended by adding a new paragraph to read:

15 (5) "authority" means the Alaska Marine Highway Authority.

16 * Sec. 12. AS 44.42.020(a)(1) is amended to read:

17 (1) plan, design, construct and maintain all state modes of
18 transportation and transportation facilities and all docks, floats,
19 breakwaters, buildings and similar facilities, except that the depart-
20 ment has no planning, design, construction, or maintenance responsibili-
21 ties for transportation modes or facilities under the jurisdiction of
22 the Alaska Marine Highway Authority;

23 * Sec. 13. AS 44.42.020(a)(7) is amended to read:

24 (7) manage, operate, and maintain state transportation faci-
25 lities and all docks, floats, breakwaters and buildings, including all
26 state highways, vessels, railroads, pipelines, airports, and aviation
27 facilities, except that the department has no management, operational,
28 or maintenance responsibilities for transportation facilities, vessels,
29 or equipment under the jurisdiction of the Alaska Marine Highway Author-

1 ity;

2 * Sec. 14. AS 19.65 is repealed.

3 * Sec. 15. APPOINTMENT OF FIRST DIRECTORS OF ALASKA MARINE HIGHWAY
4 AUTHORITY. The governor shall designate the terms of the voting directors of
5 the Alaska Marine Highway Authority first appointed under AS 19.70.020. Of
6 the seven directors first appointed

- 7 (1) one shall serve a term of one year;
8 (2) two shall serve a term of two years;
9 (3) two shall serve a term of three years;
10 (4) two shall serve a term of four years.

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Original sponsor: Transportation Committee

Offered: 3/3/82
Referred: Finance

1 IN THE HOUSE

BY THE TRANSPORTATION COMMITTEE

2 CS FOR HOUSE BILL NO. 651 (Transportation)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to ferries and ferry terminals and
7 establishing the Alaska Marine Highway Authority."

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

9 * Section 1. PURPOSE. The purpose of this Act is to establish an
10 authority for the operation, management, and planning and construction of
11 facilities for the marine highway system that is independent of the state
12 government. The authority shall be the exclusive state agency directly
13 associated with the operation, management, planning and construction of
14 facilities for the marine highway system.

15 * Sec. 2. AS 19 is amended by adding a new chapter to read:

16 CHAPTER 70. ALASKA MARINE HIGHWAY AUTHORITY.

17 ARTICLE 1. CREATION AND ORGANIZATION.

18 Sec. 19.70.010. ALASKA MARINE HIGHWAY AUTHORITY. The Alaska
19 Marine Highway Authority is established. The authority is a public
20 corporation of the state. The corporation is an instrumentality of the
21 state in the Department of Transportation and Public Facilities but has
22 a legal existence independent of and separate from the state and has
23 continuing succession until its existence is terminated by law.

24 Sec. 19.70.020. DIRECTORS. (a) The authority consists of seven
25 directors including the commissioner of transportation and public facili-
26 ties, who shall be a director ex officio without voting privileges, and
27 six directors appointed by the governor as follows: a representative of
28 commercial carriers, a representative of the maritime industry, a repre-
29 sentative of the tourism industry, and three members of the public

1 with one representing each of the following regions served by the marine
2 highway: (1) Region one (extending from Dixon entrance to Skagway);
3 (2) Region two (Kodiak Island); and (3) Region three (Prince William
4 Sound). The appointment of each director other than the commissioner of
5 transportation and public facilities is subject to confirmation by the
6 legislature.

7 (b) The directors appointed by the governor serve at his pleasure
8 for four-year terms. Each director shall hold office for the term of
9 his appointment and until his successor is appointed and qualified. A
10 director is qualified for reappointment. A vacancy in a directorship
11 occurring other than by expiration of term shall be filled in the same
12 manner as the original appointment but only for the unexpired term.

13 (c) The directors must be residents of the state and qualified
14 voters at the time of appointment and shall comply with the require-
15 ments of AS 39.50 (conflict of interest). Each director before entering
16 upon his duties shall take and subscribe to an oath to perform the
17 duties of his office faithfully, impartially, and justly to the best of
18 his ability. A record of the oath shall be filed with the Office of
19 the Governor.

20 (d) The directors of the authority serve without compensation, but
21 are entitled to travel and per diem expenses as provided in AS 39.20.180.

22 Sec. 19.70.030. OFFICERS AND QUORUM. The directors shall elect
23 one of their number as chairman. The directors shall elect a secretary
24 and a treasurer who need not be directors, and the same person may be
25 elected to serve both as secretary and treasurer. The powers of the
26 authority are vested in the directors, and four voting directors of the
27 authority constitute a quorum. Action may be taken and motions and
28 resolutions adopted by the authority at any meeting by the affirmative
29 vote of at least four directors. A vacancy in the directorship of the

1 authority does not impair the right of a quorum to exercise all the
2 powers and perform all the duties of the authority.

3 Sec. 19.70.040. STAFF. The authority shall employ an executive
4 director who serves at the pleasure of the authority as its chief admin-
5 istrative officer. The executive director may with the approval of the
6 authority select and employ additional staff as necessary. Employees of
7 the authority other than legal counsel and the executive director are in
8 the classified service under AS 39.25. In addition to its staff of
9 regular employees, the authority may contract for and engage the ser-
10 vices of consultants, and professional, technical and financial advisors
11 the authority considers necessary for the purpose of developing informa-
12 tion, conducting hearings, studies, investigations or other proceedings,
13 or otherwise exercising its powers.

14 ARTICLE 2. POWERS AND DUTIES.

15 Sec. 19.70.050. POWERS OF AUTHORITY. In addition to other powers
16 granted in this chapter, the authority may

- 17 (1) sue and be sued;
- 18 (2) adopt and alter an official seal;
- 19 (3) make and enforce bylaws and regulations for the conduct
20 of its business and for the use of its services and facilities;
- 21 (4) maintain offices at any place in the state and at places
22 out of the state which are served by the marine highway system;
- 23 (5) acquire, hold, use and dispose of its income, revenues,
24 funds and money;
- 25 (6) acquire, hold, use, lease, rent, construct and dispose of
26 real and personal property for its purposes;
- 27 (7) operate, maintain, improve, and extend a system of ferries
28 connecting with the public roads and highways of the state and including
29 the boats, vessels, wharves, docks, approaches, landings and appurte-

1 nances the authority determines to be necessary or desirable for safe
2 and efficient operation of the ferry system so as to best serve the
3 public;

4 (8) do all acts and things necessary, convenient or desirable
5 to carry out the powers expressly granted or necessarily implied in this
6 chapter.

7 Sec. 19.70.060. "ALASKA MARINE HIGHWAY SYSTEM": NAME AUTHORIZED.
8 The authority is authorized to operate its ferry system under the name
9 "Alaska marine highway system".

10 Sec. 19.70.070. COMPREHENSIVE LONG-RANGE PLAN. The authority,
11 with the cooperation of the Department of Transportation and Public
12 Facilities, shall prepare a comprehensive long-range plan for the devel-
13 opment and improvement of the marine highway system. The plan shall be
14 revised and updated at least every five years.

15 ARTICLE 3. ACQUISITION OF PROPERTY.

16 Sec. 19.70.080. ACQUISITION OF LAND AND EASEMENTS. The authority,
17 as part of the cost of constructing, maintaining, or improving a ferry
18 system, may acquire by purchase, gift, or exchange land in fee simple or
19 easements that it considers necessary for present public use, either
20 temporary or permanent, or that it considers necessary and reasonable
21 for the public use. By the same means, the authority may obtain
22 material, including clay, gravel, sand, or rock, or the land necessary
23 to obtain the material, including access to it. The authority may so
24 acquire the land or materials notwithstanding the fact that title to it
25 is vested in the state or a department, agency, commission or institution
26 of the state.

27 Sec. 19.70.090. AUTHORITY TO PURCHASE PROPERTY FOR THE PURPOSE OF
28 EXCHANGE. When a majority of the directors of the authority declares
29 that it is in the best public interest of the state to do so, the author-

1 ity may acquire by purchase, gift, or exchange privately or publicly
2 owned land or an interest in it for the purpose of exchanging it for
3 privately or publicly owned land that the authority is authorized by law
4 to acquire.

5 Sec. 19.70.100. VACATING OF LAND OR RIGHTS IN LAND. The authority
6 may vacate land, or part of it, or rights in land acquired for use in
7 the marine highway system by executing and filing a deed in the approp-
8 riate recording district. Upon vacating, title reverts to the persons,
9 heirs, successors, or assigns in whom it was vested at the time of the
10 taking. The authority may transfer land no longer considered necessary
11 for use in the marine highway system to the Department of Natural Re-
12 sources for disposal. The proceeds of disposal by the Department of
13 Natural Resources shall be credited to the funds from which the purchase
14 was originally made.

15 ARTICLE 4. GENERAL PROVISIONS.

16 Sec. 19.70.110. ANNUAL REPORT. By March 1 of each year, the
17 authority shall submit to the governor and the legislature a compre-
18 hensive report describing the operations, income, and expenditures for
19 the preceding calendar year.

20 Sec. 19.70.120. ANNUAL AUDIT. The authority shall have its finan-
21 cial records audited annually by a certified public accountant. The
22 legislative auditor may prescribe the form and content of the financial
23 records of the authority and shall have access to those records at any
24 time.

25 Sec. 19.70.130. BUDGET AND APPROPRIATIONS. The authority shall
26 submit its annual budget to the legislature through the governor as
27 provided for state agencies by the Executive Budget Act (AS 37.07). It
28 may expend money directly appropriated by the legislature only as autho-
29 rized by the legislature.

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28 may expend money directly appropriated by the legislature only as autho-
29 rized by the legislature.

1 Sec. 19.70.140. PUBLIC RECORDS; OPEN MEETINGS. The provisions of
2 AS 09.25.110 - 09.25.125 (public records) and AS 44.62.310 - 44.62.312
3 (open meetings) apply to the authority. The authority shall publish a
4 proposed agenda of each meeting and shall afford the public an oppor-
5 tunity to be heard in accordance with AS 44.62.312.

6 Sec. 19.70.150. NAMING OF VESSEL OR FACILITY. (a) A vessel or
7 facility of the Alaska marine highway system constructed or acquired by
8 the authority under this chapter or AS 19.60 may be given a name only by
9 law.

10 (b) A maritime vessel shall bear the name of an Alaska glacier.

11 (c) A vessel used principally on the inland waterways of the state
12 shall bear the name of an historical vessel that used the rivers of the
13 state.

14 Sec. 19.70.160. DEFINITIONS. In this chapter, unless the context
15 requires otherwise,

16 (1) "authority" means the Alaska Marine Highway Authority
17 established by this chapter;

18 (2) "capital improvement" means a project for the construc-
19 tion, rehabilitation, rebuilding, enlarging, or improving of all or any
20 part of the marine highway system, including, without limitation, boats,
21 vessels, wharves, docks, approaches, landings, offices, and appurte-
22 nances as determined by the authority to be necessary or desirable for
23 efficient operation of the marine highway system and to best serve the
24 public;

25 (3) "ferry" means a vessel used in the common carriage of
26 passengers and self-propelled vehicles in intrastate commerce.

27 Sec. 19.70.170. SHORT TITLE. This chapter may be cited as the
28 Alaska Marine Highway Authority Act.

29 * Sec. 3. AS 19.60.010 is amended to read:

1 Sec. 19.60.010. ACQUISITION AND MAINTENANCE OF FERRY TERMINAL
2 FACILITIES. The authority [DEPARTMENT] shall construct, purchase or
3 lease ferry terminal facilities at locations it selects for the loading
4 and unloading of passengers and vehicles under their own power, on and
5 off ferries. The authority [DEPARTMENT] shall repair and maintain these
6 facilities.

7 * Sec. 4. AS 19.60.020 is amended to read:

8 Sec. 19.60.020. CONNECTION OF FACILITIES TO HIGHWAYS. The depart-
9 ment shall [MAY] connect ferry terminal facilities with local highway
10 systems.

11 * Sec. 5. AS 19.60.030 is amended to read:

12 Sec. 19.60.030. REGULATIONS. The authority [DEPARTMENT] may adopt
13 [RULES AND] regulations governing the use of ferry terminal facilities
14 by the public which it considers necessary and proper in the public
15 interest.

16 * Sec. 6. AS 19.60.040 is amended to read:

17 Sec. 19.60.040. PRIVATE ENTERPRISE NOT AFFECTED. Any person may
18 construct a ferry terminal facility upon obtaining the approval of the
19 authority [DEPARTMENT] as to its location. A ferry terminal facility
20 constructed by a person other than the authority [DEPARTMENT] is subject
21 to reasonable [RULES AND] regulations governing its use which the author-
22 ity [DEPARTMENT] considers necessary and proper in the public interest.

23 * Sec. 7. AS 19.60.050 is amended to read:

24 Sec. 19.60.050. APPROVAL OF AUTHORITY [DEPARTMENT] REQUIRED FOR
25 CONSTRUCTION. A ferry terminal facility may [SHALL] not be constructed
26 without the approval of the authority [DEPARTMENT].

27 * Sec. 8. AS 19.60.070(1) is amended to read:

28 (1) "authority" ["DEPARTMENT"] means the Alaska Marine High-
29 way Authority [DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES];

1 * Sec. 9. AS 35.27.020 is amended by adding a new subsection to read:

2 (h) The requirements of this chapter apply to the Alaska Marine
3 Highway Authority. Fulfillment of the duties of the department under
4 this chapter is the sole responsibility of the authority with respect to
5 the public buildings and facilities of the authority.

6 * Sec. 10. AS 35.27.030(2) is amended to read:

7 (2) "building" or "facility" means a permanent improvement
8 constructed by the department or authority; the term

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

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

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

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

14 (iv) transportation facilities which accommodate
15 traveling passengers;

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

17 * Sec. 11. AS 35.27.030 is amended by adding a new paragraph to read:

18 (5) "authority" means the Alaska Marine Highway Authority.

19 * Sec. 12. AS 44.42.020(a)(1) is amended to read:

20 (1) plan, design, construct and maintain all state modes of
21 transportation and transportation facilities and all docks, floats,
22 breakwaters, buildings and similar facilities, except that the depart-
23 ment has no planning, design, construction, or maintenance responsibili-
24 ties for transportation modes or facilities under the jurisdiction of
25 the Alaska Marine Highway Authority;

26 * Sec. 13. AS 44.42.020(a)(7) is amended to read:

27 (7) manage, operate, and maintain state transportation faci-
28 lities and all docks, floats, breakwaters and buildings, including all
29 state highways, vessels, railroads, pipelines, airports, and aviation

1 facilities, except that the department has no management, operational,
2 or maintenance responsibilities for transportation facilities, vessels,
3 or equipment under the jurisdiction of the Alaska Marine Highway Author-
4 ity;

5 * Sec. 14. AS 19.65 is repealed.

6 * Sec. 15. APPOINTMENT OF FIRST DIRECTORS OF ALASKA MARINE HIGHWAY AUTHOR-
7 ITY. The governor shall designate the terms of the voting directors of the
8 Alaska Marine Highway Authority first appointed under AS 19.70.020. Of the
9 six directors first appointed

- 10 (1) two shall serve a term of two years;
11 (2) two shall serve a term of three years;
12 (3) two shall serve a term of four years.
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