

H B

651

TRANSPORTATION COMMITTEE HEARINGS

DATE: 2-10-51
 LOCATION: Rm 112
 SUBJECT: HB 651
 661

*Marine
 Authority*

NAME	REPRESENTING	ADDRESS	PHONE	HERE TO TESTIFY	HERE TO OBSERVE
Ben Gussendorf	District III		-3824	X	
Phil Holdsworth	Southeast Conference	Juneau	586-1783	X	
Ben Wash	DOT/PE				

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

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.

Alaska State Legislature

House of Representatives

Committee on Transportation

Pouch V
State Capitol
Juneau, Alaska 99811
(907) 465-4858

Rep. Bette Cato, Chairman

Wednesday
March 31, 1982

Testimony before House Finance on HB 651 - Marine Highway Authority.

Contents in YOUR folder.

Bill Analysis
Amendments to CSHB 651
Walt Parker's testimony
Newsclippings
Letter from Sam Akin (complaint letter)
Committee Substitute HB 651
Fiscal Note
Ron Lind's letter re: federal funding.

Contents we gave to committee.

Bill Analysis
Walt Parker's testimony
Newsclippings
Letter from Sam Akin (complaint)
I assume staff gave them CS
Fiscal Note

STATE OF ALASKA

RAY S. HAMMOND, GOVERNOR

(907) 465-3900

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

DEPUTY COMMISSIONER - ADMINISTRATION

POUCH Z
JUNEAU, ALASKA 99811

February 22, 1982

Honorable Bette M. Cato, Chairman
House Transportation Committee
State Capitol
Pouch V
Juneau, Alaska 99811

Dear Representative Cato:

Your assistant requested that we answer the question "would an authority as proposed in House Bill 651, be eligible to receive federal highway construction funds as a pass through from the designated State agency"? The simple answer is "we assume that they would be eligible to receive pass through funding." The authority would need to have an organization and financial system which met all of the requirements of the federal program.

Since there is not a category of federal funding set aside for marine construction, the use of funds for their purpose reduces the amounts available for other projects. We do not believe it would be in the State of Alaska's best interest to require the authority to meet all of the federal requirements. In the projected future, there should be a sufficient level of state funds available to provide State project funds if the legislature and the governor agree.

Sincerely,



Ron B. Lind
Deputy Commissioner

Recently, news reports have referred to possible legislative action to restructure the Department of Transportation and Public Facilities, or to establish a separate operating agency for the Division of Marine Highways which operates the Alaska Ferry System.

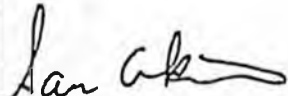
Last summer, our family had the distinct displeasure of traveling from Seattle to Juneau aboard the ferry system vessel MV Matanuska. I was embarrassed for all Alaskans to hear the comments about the voyage by visitors from out of state, and I was tremendously disappointed in the functioning of a group of state employees who are the first Alaskans many of our visitors encounter. So disappointed, in fact, that I wrote the attached letter to the System Director, Jim Eide.

Mr. Eide responded to my letter, but in the ensuing months, I have misplaced that letter. His response was polite, but only apologetic, not giving any indication that serious effort would be taken to improve the situation which ruined our trip.

I hope that when the matter of restructuring the DOT/PF arises, you will take some of the information in my letter to Eide as a basis for considering the problem. The present DOT simply is too massive and unwieldy for any single person to control, and long-entrenched employees have made plain that they have no interest in improving their performance or the system's operation. If the ferry system is to continue as a viable substitute for highways in Southeast, some action must be taken to bring the organization back under control of properly constituted authority. At the moment, it appears that only union membership carries authority within the ferry system.

You may use my letters in whatever fashion you deem appropriate.

Sincerely


Sam C. Akin

1740 Patterson Ct.
Anchorage, AK 99504
Sept. 11, 1981

Mr. James Eide
Director, Division of Marine
Highway Systems
Alaska Department of Transportation
and Public Facilities
Pouch R
Juneau, AK 99811

Dear Mr. Eide

This letter is one of complaint. I am writing it one month after beginning the ferry trip concerned, hoping that my comments will not be too colored by the intense disgust and anger aroused by the events of the trip.

On August 11, my wife, daughter, mother-in-law and I embarked from Seattle aboard the MV Matanuska, bound for Haines/Skagway, with a layover in Juneau. We had made reservations for the voyage during the preceding May, and had paid our fare the required 45 days in advance. At the time we made reservations we were unable to obtain stateroom reservations, and so made plans to have our names placed on the waiting list upon our arrival at the Ferry System office in Seattle. We did so, and subsequently obtained a room after departure from Seattle. That, and the pleasant treatment received from the Seattle office staff were about the only favorable aspects of the trip.

As we were traveling with a large camper, our tickets were written in such a manner that the Matanuska purser would not allow us to board except as a group in the camper. Inasmuch as foot passengers were boarded before passenger vehicles, we were among the last passengers to board the vessel. By the time we reached the passenger facilities aboard, the only remaining seats were located in the forward observation lounge. All deck seats and recliner seats were occupied by passengers, back packs, sleeping bags and other impedimenta. There was no effort by the purser staff to determine which seats were being used as seating and which were being used as convenient luggage storage. During the first several hours of the voyage, while stateroom vacancies were being checked, we occupied seats in the forward lounge. Throughout that time, over the public address system, the staff continually announced that all luggage would have to be removed from the lounge area, and placed in lockers. All lockers, unfortunately, were in use. Needless to say, we remained where we were, sitting with sleeping bags and toilet kits on our laps.

When we lodged a complaint with the purser about the boarding system used, he responded that "This is the way we've been doing it for twenty years, and we don't intend to change." That was the moment when I realized that the Ferry System was no longer under control of the State government, but under control of the crew.

I am convinced that passengers who are required to pay fares in advance should at least have equal opportunity for deck seating with those foot passengers who pay their fares on the date of sailing. As a matter of fact, I cannot see why the Ferry System cannot devise a means of assuring that those who pay in advance are allowed to board in advance. When a party is ticketed with a vehicle, only the driver needs to board with that vehicle. Why cannot your people adjust their system to allow others of the party to board with pre-ticketed foot passengers ?

to off-load our camper at Ketchikan, Wrangell and Petersburg to allow off-loading of cargo vans. Yet, when preparing for loading at Seattle, all vehicles were lined up in an apparent effort to load them in reverse order of their destinations. In other words, vehicles going to Ketchikan were loaded after those destined for Wrangell. This makes sense, doesn't it? But yet at Ketchikan, Wrangell and Petersburg, about a dozen vehicles were off-loaded, then re-loaded after cargo was discharged. The excuse given us, and the other inconvenienced passengers, was that "Safety rules" required this process. Then why go through the exercise of pretending to load cargo in reverse order of destination? To me, and to the other passengers who played "on and off the ferry" it seemed apparent that the first officer simply did not wish to be bothered with the extra effort required to load in sensible fashion.

There was sufficient time in Ketchikan for most passengers to do some sight-seeing. However, those of us who were waiting on the dock to reload our vehicles were told to remain with the vehicles, as we would be reloaded as soon as all cargo was removed. About a half hour after all passengers had returned to the vessel, our vehicles were reloaded. Again, it seems to me to be more inconsiderate handling of passengers. There was no reason for us to remain dockside with our vehicles. It simply was easier for the person responsible for cargo loading to do it that way.

Incidentally, the first officer, whose name I failed to get, very coldly informed me after a similar botchup in Wrangell, that I "should stop chipping teeth", and let him get on with his very important job. Frankly, the urge to chip a couple of his teeth was almost overpowering. To think that I've paid taxes for over 20 years to support a clod of this type!

On reboarding after the scheduled stop at Sitka, we were informed by an assistant purser that our ticket was improperly prepared, and that we might not be able to reboard. This was our fourth boarding of the vessel, and only now was our ticket unacceptable. The young lady was polite, and when she realized that I was at the extreme limit of my patience with the ferry crew, she allowed us to board, and subsequently corrected our ticket, blaming the problem on an error by inexperienced clerks at the Anchorage office. I don't care whose error it was, it should have been detected at our first boarding, not our fourth!

After stopping over in Juneau, we boarded the "Columbia" on Aug. 17 to continue our trip to Haines. Thankfully, we had no problem boarding, and met a young man who seemed to know what he was doing. Probably one of your lower-paid employees, he was responsible for lining vehicles up prior to loading. He knew his job, and was able to communicate very effectively and politely. Frankly, you might want to groom him as a purser or first officer. At least he wasn't alienating passengers!

Once aboard the "Columbia", however, we again found that seating was at a premium. Boarding had been at about 2:00 AM, and most seats and sheltered areas already had been claimed. However, in the recliner lounge area, we found that people were sleeping on the floor between the seat rows, having the effect of occupying three seats for one passenger.

The watchman didn't seem too concerned about that. Not nearly so concerned as he was about my wife sleeping on the floor in front of his time clock. When he needed to punch in on the clock, he simply prodded her with his foot and told he she'd have to move.

Our plans had been to go by ferry to Skagway from Haines, but after the experiences detailed in this now over-long letter, we elected discretion as the better move, and left the vessel in Haines to return to Anchorage.

The events I've detailed completely spoiled a trip we had contemplated for several years. Very honestly, I have no intention of ever boarding an Alaska ferry again, and I certainly will do my best to discourage others from doing so.

While I understand the basic need for the ferries as transport for residents of Southeast, and concur fully in the validity of the concept, I have found nowhere in your travel promotional materials a warning that such inconveniences should be expected, or that the system hires surly officers so as to discourage pleasure passengers.

We found most of the deck and dining crew to be pleasant, cooperative and interested in assuring that we enjoyed the voyage. The pursers (there were two plus assistants on the voyage to Juneau) and the first officer we encountered have left a bad taste we'll be a long time forgetting. Other passengers commented to us from time to time, also, about the apparent lack of interest in passenger care exhibited by these officers.

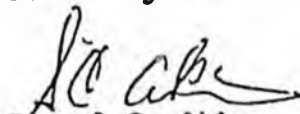
I have taken time to write this letter because I am deeply disturbed that the State of Alaska will tolerate attitudes of the kind we encountered among its employees, and particularly so in a group which represents much of the first impression visitors from outside will have of our State.

I am sending copies of this letter to my area legislators, and to the editors of the various newspapers in the Southeast ports touched by the ferries. Copies also are going to the various tourism promotional groups in the State.

In the future, I will recommend to friends and acquaintances planning a trip aboard the ferry system that they think twice before making reservations.

I believe that you and your administrative staff should take a careful look at the procedures used to ticket passengers, at the methods used to determine loading/offloading procedures, and that you should make a very careful examination of the public relations attitudes of ships' crews and officers, particularly those who are in daily contact with passengers.

Sincerely


Samuel C. Akin

WILLIAM J. TOBIN
Associate Editor
And General Manager

DREX HEIKES
Managing Editor

Anchorage
Times

Heavy seas

IN ALL the operations of the state government, there must be nothing more difficult than running the Alaska marine highway system. Things have not been going well with the ferry service. As a matter of fact, the situation hasn't been good for a long time.

Granted, it's proper to expect high performance from all those who draw state pay for providing public services. True, it's disappointing when things don't seem to function properly. Admittedly, it's all too easy to be critical when that happens.

A new legislative report makes the marine highway operation a matter of timely concern. A \$16.5 million refurbishing job on the ferry Taku, it was reported, has left the vessel listing, with serious mechanical and structural deficiencies.

Who's to blame?

ACCORDING TO Sen. Bill Ray, the Juneau Democrat who heads the Senate Transportation Committee, the fault lies with the Alaska Department of Transportation and Public Facilities, the agency that directs the ferry system.

Department officials deny the allegation. They say the legislative investigation, conducted by Sens. Ray and Ed Dankworth, the Anchorage Republican who is co-chairman of the Senate Finance Committee, was inadequate and deficient itself.

Indisputably, there is concern over the way the ferry system is being run. Complaints are common about the mishandling of passenger bookings. Hardly anyone can be certain that schedules will be met because frequent mechanical breakdowns result in cancellation of sailings. Indifference seems to be the

by-word for customer relations. There has been a running battle over the propriety of having Alaska ferries manned mainly by crewmen who live in Seattle. The ships seem to spend more time tied up in Seattle for repairs and servicing than they do in plying their routes. Things are so bad financially that Gov. Jay Hammond has canceled service to and from Seattle for three months early next year.

Rather than emphasizing the negative, however, Alaska's goal should be to find a positive approach to correct the problems and make the system sail smoothly. Surely there must be a way — or is the situation so hopeless that the only alternative would be to abandon the whole operation?

NOBODY WANTS THAT to happen. The ferries were conceived primarily to provide surface transportation between the island cities of Alaska's scenic Southeastern panhandle, where it is impossible to build highways in the traditional sense.

The task of operating the system is one of the many responsibilities of the Department of Transportation. Maybe that's one of the problems. It could be that the duties and responsibilities of the department and its people are so wide-ranging that, bureaucratically speaking, effective management is impossible.

The first step may be to provide the department with effective assistance to examine its structure and procedures — not in an atmosphere of accusation and condemnation but with a positive approach aimed at corrections that will make the ferry system work.

Clearly, something must be

A real puzzler

THE OPERATION of Alaska's ferry system has always been something of a mystery to those who live in this part of the state. It appears that it likewise is pretty much a mystery to those who live in Southeastern Alaska, where the ferries are an important slice of the social and economic life.

Who could make much sense out of spending millions of dollars to build and staff vessels, only to assign the three largest ships in the fleet to be tied up and left idle at the Port of Seattle for one quarter of the year?

THAT'S THE WORD this week from the state's Marine Highway office, which announced that budget cuts imposed by the 1981 legislature will force cancellation of all service between Seattle and Alaska next March, April and May. During that period, the largest ships will be tied up at dockside and smaller ferries will make runs between Prince Rupert, B.C., and Southeastern Alaska ports.

Service will be continued to and from Seattle through the winter months of December, January and February — a time when it would seem that

traffic would be light. But the other side of that coin is that winter driving conditions are such that ferry business might be lost because people would be reluctant to undertake the 900-mile drive from Seattle to Prince Rupert.

GOV. JAY HAMMOND has said on previous occasions that the best way to save money on ferry operations is to keep the vessels tied up and out of operation. This latest move indicates that the experts managing the system agree.

But it's a funny way to way to run a ferry system — or so it seems from a distance, at any rate.

If the demand isn't great enough to support the system, or if the rates can't be set high enough to bring in reasonable revenues measured against operating expenses, this move is nothing more than a stop-gap remedy.

The situation calls for a long-term solution. That doesn't appear to be forthcoming from Juneau.

As it is, docking the ferries is good business for the Port of Seattle. But how it helps Alaska is — as we said at the beginning — a real mystery.

Q: 2-10/15/81

Ferry

Wages discussed

By LORI EVANS

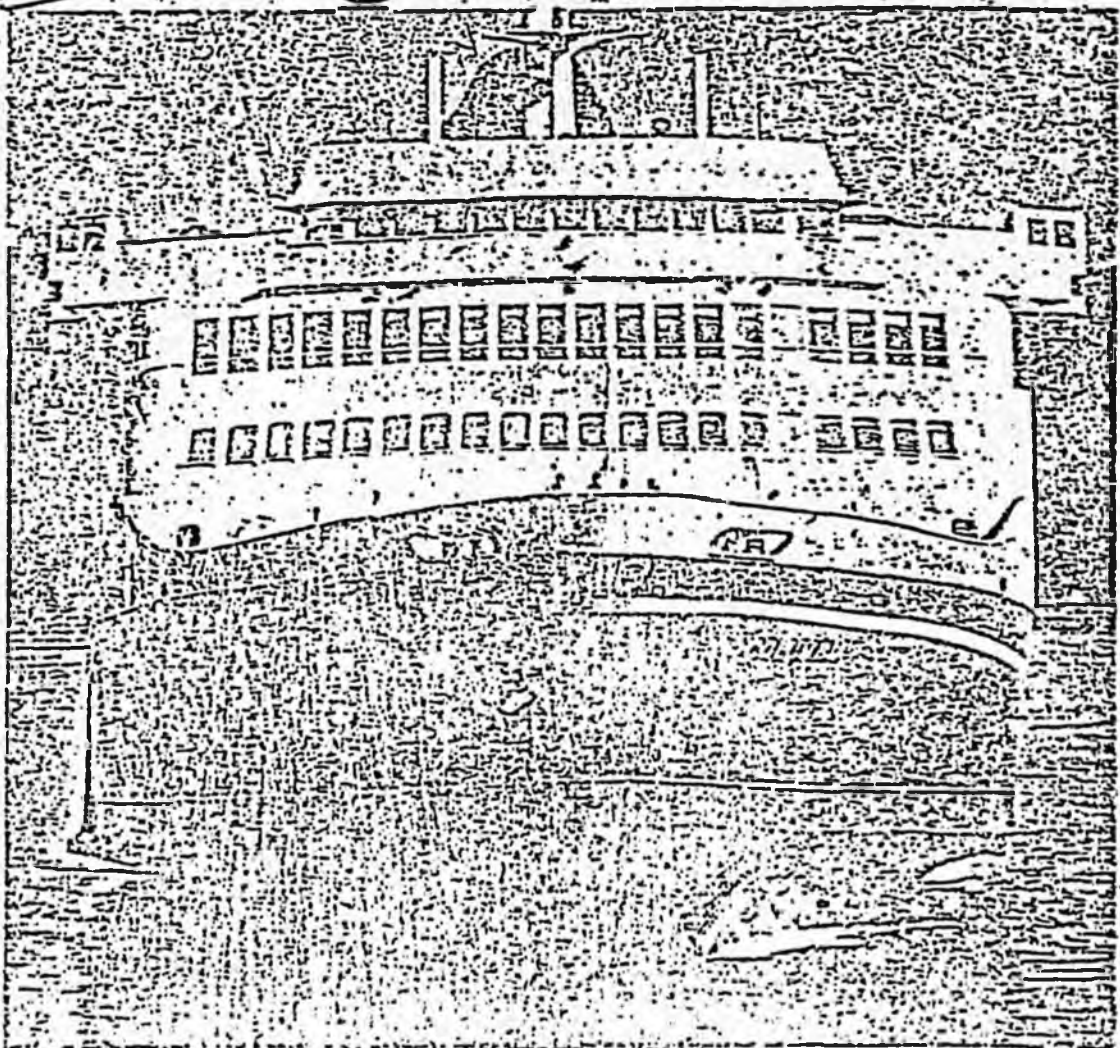
Empire Staff Reporter

Everything from selling the ferry fleet to a private corporation to establishing wages that reflect the cost-of-living between Alaska and Seattle are being considered as alternatives to induce ferry workers to move to Alaska, according to a list released by Juneau Sen. Bill Ray, chairman of the Senate Transportation Committee.

Ray and three members of his committee, along with House Transportation Committee Chairwoman Bette Cato, D-Valdez, presented the list of 15 alternatives to ferry workers — about 34 percent which live outside Alaska — during meetings this weekend in Seattle.

In addition to selling the fleet and favoring Alaskan ferry workers with higher wages, other alternatives in the list include:

- Paying a cost-of-living allowance to Alaska residents;
- Discontinuing Seattle service and establishing Prince Rupert, British Columbia, as the southern terminus;
- Placing a Malaspina or Columbia class vessel on the Seattle run for twice weekly service between Seattle and Ketchikan with all other vessels on intra-state routes only;
- Minimizing lay-up time in Seattle by using Ketchikan and Juneau as tie-up terminals. Seattle would only be used for dry dock for a maximum of two weeks per year;
- Giving preference to Alaskans in hiring;



The state ferry Columbia steams into Auke Bay

• Reclassifying ferry workers to eliminate the right to strike;

• Mandating a state stance on hiring practices, eliminating Seattle-based union hiring halls;

• Replacing mainline vessels with a fleet of hydrofoils with smaller crews (five to seven compared to 25 to 50) and completely automated engine rooms with independent

wheel house control;

• Contracting with a private management firm to operate and manage the ferry system;

• Placing ferry workers in a partially exempt or exempt service;

• Encouraging ferry workers to decertify Seattle based unions in favor of Alaska-based organizations.

Ray said the purpose of the weekend meetings was

to present union officials with ideas being considered to entice ferry workers to live in the state.

While Ray said the meeting, which lasted about four hours, was "positive," he added it is too early to say what — if anything — came of it.

Of the approximate 645 people employed on the ferries about 220 live outside of Alaska.

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"

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
 ERU, 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/PT
 Original: Legislative Finance PHONE 465-3900 465-3950
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)
 33-001 (Rev. 12/81)

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

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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)

GENERAL FUND		3709.7	2684.1	2871.9	3072.9	3518.2
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

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
 PHONE 465-3900
 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.

5. 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 667/651 - 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 Transportation
 BRJ, 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
 PHONE 465-3900
 Original: Legislative Finance
 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>

15/8/84

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