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THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB 661 - Establishing the Alaska Marine Highway Authority
 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
 ERU, Program, Or Subprogram(s) Affected All
 (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		83.4				
300 CONTRACTUAL		708.8				
400 COMMODITIES		107.3				
500 EQUIPMENT		621.5				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		2446.4	1332.6	1425.9	1525.8	1632.5

FUNDING (Thousands of Dollars)

GENERAL FUND		2221.4	1580.9	1157.2	1241.6	1328.3
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)

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

- I. REQUEST
 Bill/Resolution No. HB 661 - 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
 ERU, Program, Or Subprogram(s) Affected Administration
 (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		83.4	89.3			
300 CONTRACTUAL		787.2	260.7			
400 COMMODITIES		110.0	64.2			
500 EQUIPMENT		621.5	15.0			
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		3688.6	2661.8	2848.1	3047.5	3260.8

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FUNDING (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
GENERAL FUND		3688.6	2661.8	2848.1	3047.5	3260.8
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 / C.B. HOWITZ
 AGENCY DOT/PF
 Original: Legislative Finance PHONE 465-3990
 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. HB 661/557 - 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
ERU, 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>

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ORIGINAL.

Memo to file

MEMORANDUM

April 6, 1978

SUBJECT: Federal highway funds and proposed Marine Highway Authority (SSSB 371)

TO: Senator Bill Ray

FROM: Kenneth M. Rosenstein, Legislative Counsel

I am enclosing the material that expresses the foundation for the conclusion by the federal highway people that under current federal law an independent marine highway authority would make the state ineligible for federal highway funds for ferries.

The Federal-Aid Highway Act requires that in order for a state to receive federal funds for the construction of ferries the operating authority and amount of fares charged on them be under the control of the state. The intent of SSSB 371 is to create an agency for the operation of Alaska's ferry system that has an independent legal existence from the state. Despite the fact that the governor would appoint and could remove directors of the authority and that the legislature would control the authority's purse, the view of the Federal Highway Administration (FHWA) is that the state would not retain the control necessary to comply with the Federal-Aid Highway Act (see attached correspondence).

Additionally, in the opinion of the FHWA's chief counsel, the intent of the federal act is that federal funds would be provided only to one agency that is responsible for all phases of a state's highway program which in Alaska includes the ferry system (see attached correspondence).

I have researched the position expressed by the FHWA's lawyers and believe that unless the federal law is changed, the state would be ineligible for federal highway funds if the ferry system were operated by an independent authority.

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ORIGINAL.