

# COMMITTEE REPORT

## HOUSE

FURTHER:

(11)

Date: 4-8-83

Mr. Speaker:

The Committee on FINANCE has had HB 69

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 68 (Fin)  same title  
 new title
- and recommends individual recommendations
- AND attaches a "Letter of Intent"  New Fiscal Note
- reports it back without recommendation
- referred to the ~~Finance~~ Committee

**MEMBERS SIGNING  
DO PASS**

\_\_\_\_\_  
\_\_\_\_\_  
John W. ...  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**MEMBERS HAVING  
OTHER RECOMMENDATIONS:**

James P. ... (No Rec)  
Frank ... (No Rec)  
J. ... (No Rec)  
George ... (No Rec)  
Robert ... (No Rec)

Albert B. ...  
CHAIRMAN

Original sponsors: Cato, Grussendorf  
and Flood

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 68 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - FIRST 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  
21 the state in the Department of Transportation and Public Facilities  
22 but has a legal existence independent of and separate from the state  
23 and has continuing succession until its existence is terminated by  
24 law.

25 Sec. 19.70.020. DIRECTORS. (a) The authority consists of seven  
26 directors appointed by the governor as follows: a representative of  
27 commercial carriers, a representative of the maritime industry, a  
28 representative of the tourism industry, and four members of the public  
29 representing regions served by the marine highway as follows: (1) one

1 member from region one (extending from Dixon Entrance to Skagway); (2)  
2 one member from region two (Kodiak Island); (3) one member from region  
3 three (Prince William Sound); and (4) one member from region four  
4 (Interior Alaska). The appointment of each director is subject to  
5 confirmation by the legislature.

6 (b) The directors serve at the pleasure of the governor for  
7 four-year terms. Each director shall hold office for the term of the  
8 director's appointment and until a successor is appointed and qual-  
9 ified. A director is qualified for reappointment. A vacancy in a  
10 directorship occurring other than by expiration of term shall be  
11 filled in the same manner as the original appointment but only for the  
12 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 enter-  
16 ing upon the director's duties shall take and subscribe to an oath to  
17 perform the duties of office faithfully, impartially, and justly to  
18 the best of the director's ability. A record of the oath shall be  
19 filed with the Office of the Governor.

20 (d) The directors of the authority serve without compensation,  
21 but are entitled to travel and per diem expenses as provided in AS 39.-  
22 20.180.

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

1 affirmative vote of at least four directors. A vacancy in the direc-  
2 torship of the authority does not impair the right of a quorum to  
3 exercise all the 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  
6 administrative officer. The executive director may with the approval  
7 of the authority select and employ additional staff as necessary.  
8 Employees of the authority other than legal counsel and the executive  
9 director are in the classified service under AS 39.25. In addition to  
10 its staff of regular employees, the authority may contract for and  
11 engage the services of consultants, and professional, technical and  
12 financial advisors the authority considers necessary for the purpose  
13 of developing information, conducting hearings, studies, investiga-  
14 tions or other proceedings, or otherwise exercising its powers.

15 ARTICLE 2. POWERS AND DUTIES.

16 Sec. 19.70.050. POWERS OF AUTHORITY. In addition to other  
17 powers 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  
23 places out of the state that are served by the marine highway system;
- 24 (5) subject to appropriation by the legislature, acquire,  
25 hold, use and dispose of its income, revenues, funds and money;
- 26 (6) acquire, hold, use, lease, rent, construct and dispose  
27 of real and personal property for its purposes;
- 28 (7) operate, maintain, improve, and extend a system of  
29 ferries connecting with the public roads and highways of the state and

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

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

8 (9) establish rates and tariffs, after public hearings;

9 (10) modify routes, after public hearings.

10 Sec. 19.70.055. DUTIES OF AUTHORITY. The authority shall

11 (1) assist the residents, businesses, and communities of  
12 the state in obtaining the best and most frequent possible marine  
13 passenger and freight service;

14 (2) schedule vessel sailings to maximize the frequency of  
15 service to all ports;

16 (3) encourage and integrate with other public and private  
17 carriers to the greatest extent possible to provide ferry service  
18 within the state and between Alaskan ports and ports outside the state  
19 in order to provide maximum service within the state;

20 (4) require pre-payment for reservations;

21 (5) provide reservation access and marketing information  
22 throughout the state;

23 (6) encourage vessel construction, maintenance, and service  
24 in the state to the greatest extent possible;

25 (7) employ residents of the state to the greatest extent  
26 legally possible;

27 (8) recognize Alaska-based unions and employee associations  
28 to the greatest extent legally possible.

29 Sec. 19.70.060. "ALASKA MARINE HIGHWAY SYSTEM": NAME AUTHO-

1 RIZED. The authority is authorized to operate its ferry system under  
2 the name "Alaska marine highway system".

3 Sec. 19.70.070. COMPREHENSIVE LONG-RANGE PLAN. The authority,  
4 with the cooperation of the Department of Transportation and Public  
5 Facilities, shall prepare a comprehensive long-range plan for the  
6 development and improvement of the marine highway system and revise  
7 and update the plan, subject to legislative approval, at least every  
8 five years.

9 ARTICLE 3. ACQUISITION OF PROPERTY.

10 Sec. 19.70.080. ACQUISITION OF LAND AND EASEMENTS. The authori-  
11 ty, as part of the cost of constructing, maintaining, or improving a  
12 ferry system, may acquire by purchase, gift, or exchange land in fee  
13 simple or easements that it considers necessary for present public  
14 use, either temporary or permanent, or that it considers necessary and  
15 reasonable for the public use. By the same means, the authority may  
16 obtain material, including clay, gravel, sand, or rock, or the land  
17 necessary to obtain the material, including access to it. The author-  
18 ity may so acquire the land or materials notwithstanding the fact that  
19 title to it is vested in the state or a department, agency, commis-  
20 sion, or institution of the state.

21 Sec. 19.70.090. AUTHORITY TO PURCHASE PROPERTY FOR THE PURPOSE  
22 OF EXCHANGE. When a majority of the directors of the authority de-  
23 clares that it is in the best public interest of the state to do so,  
24 the authority may acquire by purchase, gift, or exchange privately or  
25 publicly owned land or an interest in it for the purpose of exchanging  
26 it for privately or publicly owned land that the authority is author-  
27 ized by law to acquire.

28 Sec. 19.70.100. VACATING OF LAND OR RIGHTS IN LAND. The author-  
29 ity may vacate land, or part of it, or rights in land acquired for use

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

9 ARTICLE 4. FERRY TERMINAL FACILITIES.

10 Sec. 19.70.110. ACQUISITION AND MAINTENANCE OF FERRY TERMINAL  
11 FACILITIES. The authority may construct, purchase, or lease ferry  
12 terminal facilities at locations it selects for the loading and un-  
13 loading of passengers and vehicles under their own power, on and off  
14 ferries. The authority shall repair and maintain these facilities.

15 Sec. 19.70.120. CONNECTION OF FACILITIES TO HIGHWAYS. The  
16 authority may connect ferry terminal facilities with local highway  
17 systems.

18 Sec. 19.70.130. REGULATIONS. The authority may adopt rules and  
19 regulations governing the use of ferry terminal facilities by the  
20 public that it considers necessary and proper in the public interest.

21 Sec. 19.70.140. EXISTING FACILITIES NOT AFFECTED. A ferry  
22 terminal facility in existence and serving the public on January 1,  
23 1959, is not affected by AS 19.70.110 - 19.70.170.

24 ARTICLE 5. GENERAL PROVISIONS.

25 Sec. 19.70.150. ANNUAL REPORT. By January 15 of each year, the  
26 authority shall submit to the governor and the legislature a compre-  
27 hensive report describing the operations, income, and expenditures for  
28 the preceding fiscal year.

29 Sec. 19.70.160. ANNUAL AUDIT. The authority shall have its

1 financial records audited annually by a certified public accountant.  
2 The legislative auditor may prescribe the form and content of the  
3 financial records of the authority and shall have access to those  
4 records at any time.

5 Sec. 19.70.170. BUDGET AND APPROPRIATIONS. The authority shall  
6 submit its annual budget to the legislature through the governor as  
7 provided for state agencies by the Executive Budget Act (AS 37.07).  
8 It may expend money directly appropriated by the legislature only as  
9 authorized by the legislature.

10 Sec. 19.70.180. NAMING OF VESSEL OR FACILITY. (a) A vessel or  
11 facility of the Alaska marine highway system constructed or acquired  
12 by the authority under this chapter or AS 19.60 may be given a name  
13 only by law.

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

15 (c) A vessel used principally on the inland waterways of the  
16 state shall bear the name of an historical vessel that used the rivers  
17 of the state.

18 Sec. 19.70.199. DEFINITIONS. In this chapter, unless the con-  
19 text requires otherwise,

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

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

29 (3) "ferry" means a vessel used in the common carriage of

1 passengers and self-propelled vehicles in commerce.

2 Sec. 19.70.200. SHORT TITLE. This chapter may be cited as the  
3 Alaska Marine Highway Authority Act.

4 \* Sec. 3. AS 35.27 is amended by adding a new section to read:

5 Sec. 35.27.025. APPLICATION TO ALASKA MARINE HIGHWAY AUTHORITY.  
6 The requirements of this chapter apply to the Alaska Marine Highway  
7 Authority. Compliance with this chapter is the sole responsibility of  
8 the authority with respect to the public buildings and facilities of  
9 the authority.

10 \* Sec. 4. AS 35.27.030(2) is amended to read:

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

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

14 (i) schools, office buildings, and court build-  
15 ings;

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

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

20 (iv) transportation facilities which accommodate  
21 traveling passengers;

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

23 \* Sec. 5. AS 35.27.030 is amended by adding a new paragraph to read:

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

25 \* Sec. 6. AS 39.50.200(b) is amended by adding a new paragraph to read:

26 (46) Alaska Marine Highway Authority (AS 19.70.010).

27 \* Sec. 7. AS 44.42.020(a)(1) is amended to read:

28 (1) plan, design, construct and maintain all state modes of  
29 transportation and transportation facilities and all docks, floats,

1 breakwaters, buildings and similar facilities, except that the depart-  
2 ment is not responsible for planning, design, construction, or mainte-  
3 nance of transportation modes or facilities under the jurisdiction of  
4 the Alaska Marine Highway Authority;

5 \* Sec. 8. AS 44.42.020(a)(7) is amended to read:

6 (7) manage, operate, and maintain state transportation  
7 facilities and all docks, floats, breakwaters and buildings, including  
8 all state highways, vessels, railroads, pipelines, airports, and  
9 aviation facilities, except that the department is not responsible for  
10 management, operation, or maintenance of transportation facilities,  
11 vessels, or equipment under the jurisdiction of the Alaska Marine  
12 Highway Authority;

13 \* Sec. 9. AS 19.60.010 - 19.60.070, and AS 19.65 are repealed.

14 \* Sec. 10. APPOINTMENT OF FIRST DIRECTORS OF ALASKA MARINE HIGHWAY  
15 AUTHORITY. The governor shall designate the terms of the directors of the  
16 Alaska Marine Highway Authority first appointed under AS 19.70.020. Of the  
17 seven directors first appointed

- 18 (1) two shall serve a term of two years;  
19 (2) two shall serve a term of three years;  
20 (3) three shall serve a term of four years.

HOUSE JOURNAL

LETTER OF INTENT  
FOR  
CS HB 68 (FINANCE)

It is the policy of the state to:

- 1) provide necessary and desirable freight and passenger transportation services to residents, businesses, and visitors in the state;
- 2) develop and implement plans consistent with the goal of developing a transportation network that effect the policies set out in this legislation; and
- 3) provide safe, economical, and efficient transportation to residents, businesses and visitors in the state.

The Legislature further declares that:

- 1) in the interest of the people of the state it is necessary to exercise the powers of the state to accomplish the policy as stated above by authorizing the creation of public authority with the powers, duties, and functions as provided in this Act to operate the Alaska Marine Highway System and to manage its facilities;
- 2) it is in the best interests of the state for the public authority to operate and manage, in a prudent manner, the Alaska Marine Highway System created in this Act;
- 3) it is in the best interests of the state to provide the best possible combination of types and levels of safe, efficient, and economical transportation that is necessary to meet the overall needs of the state, supported by state investments, when necessary;
- 4) it is in the best interests of the state to minimize state subsidy and for the authority to function as an enterprise entity in an attempt to become self-sustaining, to carry out the Authority's responsibilities; according to sound business management practices to provide the level of service that best satisfies the needs of the people of the state in a fiscally sound manner.

Respectfully Submitted,

Al Adams, Chairman  
House Finance Committee

THE LEGISLATURE OF THE STATE OF ALASKA  
THIRTEENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CS HB 68 (FINANCE)

Title Establishing an Alaska Marine Highway Authority

Requested by \_\_\_\_\_ Date 4/7/83

II. FISCAL DETAIL

Agency Affected Department of Transportation and Public Facilities

Program Category Affected \_\_\_\_\_

BRU, Program, Or Subprogram(s) Affected Marine Highway System

(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 83	FY 84	FY 85	FY 86	FY 87	FY 88
100 PERSONAL SERVICES		\$402.4	\$959.7	\$1017.3	\$1078.3	\$1142.9
200 TRAVEL		73.4	97.8	103.6	109.8	116.4
300 CONTRACTUAL		507.0	297.1	209.8	222.4	235.7
400 COMMODITIES		30.0	61.2	64.9	68.8	72.9
500 EQUIPMENT		60.8	20.2	26.3	27.8	29.5
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL Operating		\$1073.6	\$1436.0	\$1421.9	\$1507.1	\$1597.4
Capital			577.0			

FUNDING (Thousands of Dollars)

GENERAL FUND		\$1173.6	\$2013.0	\$1421.9	\$1507.1	\$1597.4
FEDERAL FUNDS						
OTHER (Specify Source)		(\$100.0)				

POSITIONS

FULL TIME		18	24	24	24	24
PART TIME						
TEMPORARY						

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

(SEE ATTACHED)

IV. DATE 4/7/83 PREPARED BY Jerry Schilz  
 AGENCY Rep. Grussendorf's Office  
 Original: Legislative Finance PHONE \_\_\_\_\_  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)  
 33-001 (Rev. 12/82)

IV. ANALYSIS

The following assumptions were made:

1. The "Alaska Marine Highway Authority's" Payroll, Personnel, and Accounting systems would use the existing State systems.
2. A General Fund subsidy for the difference between the total operating cost and the expected revenue for each fiscal year, and availability of the full amount at the beginning of each fiscal year to allow the "Authority" to plan operations for each year.
3. Inflation factor of six percent (6%) for future years.
4. "Authority" would continue to use:
  - A. State owned office buildings.
  - B. The State mail system.
  - C. The State equipment fleet.
  - D. The statewide purchasing contracts (i.e. fuel).
  - E. "Shared" communications lines.
  - F. Insurance, bonding, etc., as now supplied.
  - G. Legal service from the Attorney General's office.
  - H. DOA Computer Services for the first year.
  - I. Accounting services would be gradually absorbed during 1984.
5. Equipment for the proposed twenty-four (24) new hire employees would be \$60.8 in FY 84 and \$20.2 in FY 85.
6. The "Authority" would require its own computer, and one time costs would be \$577.0 for hardware which would be acquired in 1985.
7. The first year shows a one time start-up funds for Contractual \$477.0; (Legal Services \$212.0; Software/consultant service \$265.0); and \$30.0 Commodities (primarily office supplies). FY 85 includes additional space rent \$99.2.
8. Excluding transfers the actual increase for Personal Services is \$402.4 to fund eighteen (18) new positions (most less than 12 months) in FY 84, six (6) in FY 85. (See attached list.)

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

No increase has been made in Vessel or Shore Facility Personnel.

Approximately \$238,500 of CIP funded positions are proposed to be partially general funded (\$100,000) because they would be considered operational.

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES  
DIVISION OF MARINE HIGHWAY SYSTEMS

NEW POSITIONS

<u>Position</u>	<u>Wage At Started Range Step A</u>	<u>Range</u>	<u>Wages</u>	<u>FY 84</u>		<u>Location</u>	<u>Notes</u>
				<u>Mo.</u>	<u>\$</u>		
Operations Director	*51,840	24	\$52,656	12	52,656	JNO	All positions funded 12 mo in FY 85
Computer Manager I	*36,492	19	36,468	-0-	-0-	JNO	
Accounting Supervisor III	*34,056	18	34,044	12	30,044	JNO	
Systems Analyst	*34,056	18	34,044	12	30,044	JNO	
Property Control Officer III	*34,056	18	34,044	6	17,022	JNO	
Information Officer	*32,868	17	31,680	12-	31,680	JNO	
Purchasing Agent I	*29,556	16	29,460	6	14,730	JNO	
Communications Specialist	*29,556	16	29,460	-0-	-0-	JNO	
Internal Auditor	*29,556	16	29,460	12	29,460	JNO	
Accounting Supervisor II	*29,556	16	29,460	3	7,365	JNO	
Computer Operator	*25,740	14	25,620	-0-	-0-	JNO	
Computer Operator	*25,740	14	25,620	-0-	-0-	JNO	
Personnel Technician II	*25,740	14	25,620	3	6,405	JNO	
Accounting Technician I	*22,668	12	22,440	3	5,610	JNO	
Personnel Technician I	*22,668	12	22,440	3	5,610	KTN	
Accounting Clerk III	*20,076	10	19,944	3	4,986	JNO	
Accounting Clerk II	*21,984	9	18,768	3	4,692	SRD	
Mail Clerk Carrier III	*19,524	9	18,768	3	4,692	JNO	
Data Processing Asst	*18,936	9	18,768	-0-	-0-	JNO	
Data Processing Asst	*18,936	9	18,768	-0-	-0-	JNO	
Maintenance Foreman	*29,679	WG 55	29,679	3	14,840	JNO	

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES  
 DIVISION OF MARINE HIGHWAY SYSTEMS

NEW POSITIONS

<u>Position</u>	<u>Wage At Started Range Step A</u>	<u>Range</u>	<u>Wages</u>	<u>FY 84</u>		<u>Location</u>	<u>Notes</u>
				<u>Mo.</u>	<u>\$</u>		
Maintenance Man	*27,905	WG 56	27,905	3	6,976	JNO	All positions funded 12 mo: in FY 85.
Maintenance Man	*26,286	WG 57	26,306	3	6,577	JNO	
Executive Secretary III	*29,556	16	29,460	12-	29,460	JNO	
					<u>302,849</u>		

1.			FY 83				FY 84			
			2.Pos	3.No.	4.	\$	5.Pos	6.No.	7.	\$
A P	1. Full Time	(From APBR or Form 11A)						18	114	302,849
U E S	2. Part Time/Seasonal	(From Form 11D)								
T R A	3. Overtime	(From Form 11C)								
H M L	4. Shift Differential	(From Form 11D)								
O	5. Additional Salary Costs	(From Form 11E)								
R	6. Subtotal - Permanent Positions and Gross Salary Costs (Sum of Lines 1 - 5)							18	114	302,849
I P	7. Enter SDS Costs (Calculate in Box A)									18,565
Z O B	8. Standard Benefits FY 83 (Calculate in Box B)									53,423
E S E	9. Police, Firemen Retirement Adjustment (Calculate in Box C)									
D N	10. Enter Adjustment for TRS Employee if Applicable (Calculate in Box D)									
	11. Enter Monthly Fixed Costs (Calculate in Box E)									27,600
	12. Subtotal - Authorized Permanent Positions, Salaries and Benefits (Sum of Lines 6 thru 11)									402,437
	13. Non-Permanent Positions, Salaries and Benefits (From Form 11F)									
	14. TOTAL POSITIONS, SALARIES AND BENEFITS (SUM OF LINES 12 AND 13)									402,437

A SUPPLEMENTAL BENEFITS (SDS)		
FY 83		
	POSITIONS	AMOUNT
1.		
2.	X2108	X.0613
3.	\$	\$
4. Trans. lower - Line 7, Col 4.		
FY 84		
	POSITIONS	AMOUNT
5.	18	302,849
6.	X2240	X.0613
7.	\$ 40,320	\$ 18,565
8. Trans. lower - Line 7, Col 7.		

	15. FY 83 Authorized (From Form 4A)		
A	16. FY 83 Salary Increase Distribution		
D	17. FY 83 Total Adjusted Funding (Line 15 + Line 16)		
J	18. FY 83 Amount Underfunding (Line 14 - Line 17)		
U	19. FY 83 + FY 84 Percent Underfunding (Line 18 ÷ Line 14)		
S	20. FY 84 Amount Underfunding (Line 19 X Line 14, Col. 7)		
T	21. FY 84 Continuation Request (Line 14 - Line 20)		
	22. Continuation Adjustment (Line 21 - Line 15)		

C BENEFITS ADJUSTMENT FOR POLICE, FIREMEN		
1. Affected Salaries	2. Rate	3. Adjustment
FY 83		.0965
FY 84		.0965

B VARIABLE BENEFITS %			
1. Gross Salary	2. Rate	3. Adjustment	
FY 83			
FY 84	302,849	.1764	53,423

D BENEFITS ADJUSTED FOR TRS EMPLOYEES		
1. TRS Salaries	2. Rate	3. Adjustment
FY 83		.0426 ( )
FY 84		.0426 ( )

E	Monthly Ben.	LTC	Oth.	TOTAL
FY 83	Months			
	\$ Fact.	X170	X183	
	TOTAL			
FY 84	Months	12	105	
	\$ Fact.	X200	X240	
	TOTAL	2400	25,200	27,600

AGENCY Alaska Marine Highway Authority

PROGRAM \_\_\_\_\_

BRU \_\_\_\_\_

COMPONENT \_\_\_\_\_

**FY 84**

**11** CURRENT AUTHORIZED POSITION SUMMARY

Page \_\_\_\_\_ of \_\_\_\_\_

Revised Date \_\_\_\_\_

HOUSE JOURNAL

LETTER OF INTENT  
FOR  
CS HB 68 (FINANCE)

It is the policy of the state to:

- 1) provide necessary and desirable freight and passenger transportation services to residents, businesses, and visitors in the state;
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- 3) provide safe, economical, and efficient transportation to residents, businesses and visitors in the state.

The Legislature further declares that:

- 1) in the interest of the people of the state it is necessary to exercise the powers of the state to accomplish the policy as stated above by authorizing the creation of public authority with the powers, duties, and functions as provided in this Act to operate the Alaska Marine Highway System and to manage its facilities;
- 2) it is in the best interests of the state for the public authority to operate and manage, in a prudent manner, the Alaska Marine Highway System created in this Act;
- 3) it is in the best interests of the state to provide the best possible combination of types and levels of safe, efficient, and economical transportation that is necessary to meet the overall needs of the state, supported by state investments, when necessary;
- 4) it is in the best interests of the state to minimize state subsidy and for the authority to function as an enterprise entity in an attempt to become self-sustaining, to carry out the Authority's responsibilities; according to sound business management practices to provide the level of service that best satisfies the needs of the people of the state in a fiscally sound manner.

Respectfully Submitted,

Al Adams, Chairman  
House Finance Committee

STATE OF ALASKA  
FISCAL NOTE

Revision Date \_\_\_\_\_, 1983

I. REQUEST

Bill/Resolution No.: HB 68 Relating  
Title: to Ferries & Ferry Terminals  
Sponsor: Cato and Grussendorf  
Requestor: House Finance

II. FISCAL DETAIL

Agency Affected: DOT&PF  
Program Category Affected: \_\_\_\_\_  
BRU, Program of Subprogram(s) Affected: Marine Highway Systems

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING		905.6	959.7	1017.3	1078.3	1142.9
100 PERSONAL SERVICES		97.8	103.6	118.8	125.9	133.5
200 TRAVEL		668.2	197.9	209.8	222.4	235.7
300 CONTRACTUAL		110.8	61.2	64.9	68.8	72.9
400 COMMODITIES		658.0	24.8	26.3	27.8	29.5
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING		2440.4	1347.2	1437.1	1523.2	1614.5
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND		2678.9	1347.2	1437.1	1523.2	1614.5
FEDERAL FUNDS						
OTHER (Specify Source)		(238.5)				

POSITIONS:

FULL-TIME		24.0	24.0	24.0	24.0	24.0
PART-TIME						
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL: NOT IDENTIFIED

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Doug Goldbach, Financial Mgmt.

Phone: 465-3911

Division: Admin. Policy & Fiscal Mgmt.

Date: 3/24/83

Approved by Commissioner: *[Signature]*  
Department: Transportation & Public Facilities

Date: 3/30/83

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Copy to Department (for Governor introduced bills)  
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3/8/83

HOUSE BILL 68

IV. ANALYSIS

The following assumptions were made:

1. The "Alaska Marine Highway Authority's" Payroll, Personnel, and Accounting systems would use the existing State systems.
2. A General Fund Subsidy for the difference between the total operating cost and the expected revenue for each fiscal year, and availability of the full amount at the beginning of each fiscal year to allow the "Authority" to plan operations for each year.
3. Inflation factor of six percent (6%) for future years.
4. "Authority" would continue to use:
  - A. State owned office buildings.
  - B. The State mail system.
  - C. The State equipment fleet.
  - D. The statewide purchasing contracts (i.e. fuel).
  - E. "Shared" communications lines.
  - F. Insurance, bonding, etc., as now supplied.
  - G. Legal service from the Attorney General's office.
5. Equipment for the proposed twenty-four (24) new hire employees would be \$81.0.
6. The "Authority" would require its own computer, and one time costs would be \$577.0 for hardware and \$265.0 for software.
7. Assuming expansion, the first year shows one time start-up funds for Contractual \$576.2; (Software \$265.0; Legal Services \$212.0; Additional Space Rental \$99.2); and \$53.0 Commodities (primarily office supplies).
8. Excluding transfers the actual increase for Personal Services is \$905.6 to fund twenty-four (24) new positions. (See attached list.)

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

No increase has been made in Vessel or Shore Facility Personnel.

Approximately \$238,500 of CIP funded positions are proposed to be general funded because they would be considered to be operational.

**NEW POSITIONS FOR ALASKA HIGHWAY AUTHORITY**

1.		FY 03			FY 04		
		2.Pos	3.No.	4.\$	5.Pos	6.No.	7.\$
A P U E S T R A H M L O R I P Z O D E S E D N	1. Full Time (From APDR or Form 11A)				24	288	677,030
	2. Part Time/Seasonal (From Form 11D)						
	3. Overtime (From Form 11C)						
	4. Shift Differential (From Form 11D)						
	5. Additional Salary Costs (From Form 11E)						
	6. Subtotal - Permanent Positions and Gross Salary Costs (Sum of Lines 1 - 5)				24	288	677,030
	7. Enter SBS Costs (Calculate in Box A)						41,502
	8. Standard Benefits FY 03 (Calculate in Box B)						119,428
	9. Police, Firemen Retirement Adjustment (Calculate in Box C)						
	10. Enter Adjustment for TRS Employee if Applicable (Calculate in Box D)						
	11. Enter Monthly Fixed Costs (Calculate in Box E)						67,680
12. Subtotal - Authorized Permanent Positions, Salaries and Benefits (Sum of Lines 6 thru 11)							
13. Non-Permanent Positions, Salaries and Benefits (From Form 11F)							
14. TOTAL POSITIONS, SALARIES AND BENEFITS (SUM OF LINES 12 AND 13)							905,640

A SUPPLEMENTAL BENEFITS (SBS)		
FY 03		
	POSITIONS	AMOUNT
1.		
2.	X2100	X.0613
3.	\$	\$
4. Trans. lower - Line 7, Col 4.		
FY 04		
	POSITIONS	AMOUNT
5.	24	677,030
6.	X2240	X.0613
7.	\$ 53,760	\$ 41,502
8. Trans. lower - Line 7, Col 7.		

A	15. FY 03 Authorized (From Form 4A)		
A	16. FY 03 Salary Increase Distribution		
D	17. FY 03 Total Adjusted Funding (Line 15 + Line 16)		
J	18. FY 03 Amount Underfunding (Line 14 - Line 17)		
U	19. FY 03 + FY 04 Percent Underfunding (Line 18 ÷ Line 14)		
S	20. FY 04 Amount Underfunding (Line 19 X Line 14, Col. 7)		
T	21. FY 04 Continuation Request (Line 14 - Line 20)		
	22. Continuation Adjustment (Line 21 - Line 15)		

C BENEFITS ADJUSTMENT FOR POLICE, FIREMEN		
1. Affected Salaries	2. Rate	3. Adjustment
FY 03	.0965	
FY 04	.0965	

B VARIABLE BENEFITS %		
1. Gross Salary	2. Rate	3. Adjustment
FY 03		
FY 04	177,030	.1764 119,428

D BENEFITS ADJUSTED FOR TRS EMPLOYEES		
1. TRS Salaries	2. Rate	3. Adjustment
FY 03	.0426	( )
FY 04	.0426	( )

E	Monthly Ben.	LTC	Oth.	TOTAL
FY 03	Months			
	\$ Fact.	X170	X183	
	TOTAL			
FY 04	Months	36	252	
	\$ Fact.	X200	X240	
	TOTAL	7200	60,480	67,680

AGENCY Alaska Marine Highway Authority

PROGRAM \_\_\_\_\_

BRU \_\_\_\_\_

COMPONENT \_\_\_\_\_

Page \_\_\_\_\_ of \_\_\_\_\_  
Revised Date \_\_\_\_\_

**FY 84**

**11 CURRENT AUTHORIZED POSITION SUMMARY**

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES  
DIVISION OF MARINE HIGHWAY SYSTEMS

NEW POSITIONS

<u>Position</u>	<u>Wage At Started Range Step A</u>	<u>Range</u>	<u>Wages</u>	<u>9/3/82 APBR FY83 Wage</u>	<u>Location</u>	<u>Notes</u>
Operations Director	*51,840	24	\$52,656		JNO	
Computer Manager I	*36,492	19	36,468		JNO	
Accounting Supervisor III	*34,056	18	34,044		JNO	
Systems Analyst	*34,056	18	34,044		JNO	
Property Control Officer III	*34,056	18	34,044		JNO	
Information Officer	*32,868	17	31,680		JNO	
Purchasing Agent I	*29,556	16	29,460		JNO	
Communications Specialist	*29,556	16	29,460		JNO	
Internal Auditor	*29,556	16	29,460		JNO	
Accounting Supervisor II	*29,556	16	29,460		JNO	
Computer Operator	*25,740	14	25,620		JNO	
Computer Operator	*25,740	14	25,620		JNO	
Personnel Technician II	*25,740	14	25,620		JNO	
Accounting Technician I	*22,668	12	22,440		JNO	
Personnel Technician I	*22,668	12	22,440		KTN	
Accounting Clerk III	*20,076	10	19,944		JNO	
Accounting Clerk II	*21,984	9	18,768		SRD	
Mail Clerk Carrier III	*19,524	9	18,768		JNO	
Data Processing Asst	*18,936	9	18,768		JNO	
Data Processing Asst	*18,936	9	18,768		JNO	
Maintenance Foreman	*29,679	WG 55	29,679		JNO	

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES  
DIVISION OF MARINE HIGHWAY SYSTEMS

NEW POSITIONS

<u>Position</u>	<u>Wage At Started Range Step A</u>	<u>Range</u>	<u>Wages</u>	<u>9/3/82 APBR FY83 Wage</u>	<u>Location</u>	<u>Notes</u>
Maintenance Man	*27,905	WG 56	27,905		JNO	
Maintenance Man	*26,286	WG 57	26,306		JNO	
Executive Secretary III	*29,556	16	29,460		JNO	

STATE OF ALASKA  
PRELIMINARY STATEMENT OF FISCAL IMPACT

Bill No: HB 68 Page 1 of 7 Date on Bill: 1/18/83  
 Title: Re ferries & ferry terminals & establ. AK Marine Hwy. Authority  
 Sponsor: Cato and Grussendorf  
 Requestor: House Transportation Committee

1. Estimated fiscal impacts on:

a. Expenditures:

(Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86
Capital				
Operating		2440.4	1360.0	1500.0
Total				

b. Revenues:

Revenue	FY 83	FY 84	FY 85	FY 86

2. Source of funds to offset fiscal impact of bill:

Sponsor did not identify source.

3. Assumptions:

4. Disclaimer:

This statement has not been reviewed by the OMB in the Office of the Governor. It not represent the policy of the Sheffield Administration or the final estimate of impact.

Prepared By: Doug Goldbach Phone: 465-3911  
 Division: Financial Management Date: \_\_\_\_\_

Approved by Commissioner: *[Signature]* Date: 2/14  
 Department: Transportation & Public Facilities

5. Distribution:  
 Original to Legislative Finance  
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 Copy to Requestor

2/8/83

There are administrative and organizational topics not specifically addressed in House Bill No. 68, "An Act relating to ferries and ferry terminals and 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 General's 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 twenty-four (24) new hire employees would be \$81.0.
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 \$577.0 for hardware and \$265.0 for software.
10. Assuming expansion, the first year shows one time start-up funds for Contractual \$576.2; (Software \$265.0; Legal Services \$212.0; Additional Space Rental \$99.2); and \$53.0 Commodities (primarily office supplies).

Summary - 200 - 500 Accounts: Of \$1620.8 shown for the first year, \$1287.2 is a first time start-up cost. Yearly maintenance of all 200 through 500 Accounts would be around \$333.6 per year.

HB 68

11. Of the \$2174.1 increase in Personal Services, \$1268.4 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 \$905.6 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 \$238,500 of CIP funded positions are proposed to be general funded because they would be considered more operational.

NEW POSITIONS FOR ALASKA HIGHWAY AUTHORITY

A P U E S T R A H M L O R I P Z O B E S E D N	1.	Description	FY 03				FY 04			
			2.Pos	3.No.	4.	5.	5.Pos	6.No.	7.	8.
		1. Full Time (From APUR or Form 11A)					24	288		677,030
		2. Part Time/Seasonal (From Form 11G)								
		3. Overtime (From Form 11C)								
		4. Shift Differential (From Form 11D)								
		5. Additional Salary Costs (From Form 11E)								
		6. Subtotal - Permanent Positions and Gross Salary Costs (Sum of Lines 1 - 5)					24	288		677,030
		7. Enter SUS Costs (Calculate in Box A)								41,502
		8. Standard Benefits FY 03 (Calculate in Box D)								119,428
		9. Police, Firemen Retirement Adjustment (Calculate in Box C)								
		10. Enter Adjustment for TRS Employee if Applicable (Calculate in Box D)								
		11. Enter Monthly Fixed Costs (Calculate in Box E)								67,680
		12. Subtotal - Authorized Permanent Positions, Salaries and Benefits (Sum of Lines 6 thru 11)								
		13. Non-Permanent Positions, Salaries and Benefits (From Form 11F)								
		14. TOTAL POSITIONS, SALARIES AND BENEFITS (SUM OF LINES 12 AND 13)								905,640

**A SUPPLEMENTAL BENEFITS (SUS)**

FY 03		
	POSITIONS	AMOUNT
1.		
2.	X2100	X.0613
3.	\$	\$
4. Trans. lower - Line 7, Col 4.		
FY 04		
	POSITIONS	AMOUNT
5.	24	677,030
6.	X2240	X.0613
7.	\$ 53,760	\$ 41,502
8. Trans. lower - Line 7, Col 7.		

**A**

	15. FY 03 Authorized (From Form 4A)		
<b>A</b>	16. FY 03 Salary Increase Distribution		
<b>D</b>	17. FY 03 Total Adjusted Funding (Line 15 + Line 16)		
<b>J</b>	18. FY 03 Amount Underfunding (Line 14 - Line 17)		
<b>U</b>	19. FY 03 + FY 04 Percent Underfunding (Line 18 ÷ Line 14)		
<b>S</b>	20. FY 04 Amount Underfunding (Line 19 X Line 14, Col. 7)		
<b>T</b>	21. FY 04 Continuation Request (Line 14 - Line 20)		
	22. Continuation Adjustment (Line 21 - Line 15)		

**C BENEFITS ADJUSTMENT FOR POLICE, FIREMEN**

	1. Affected Salaries	2. Rate	3. Adjustment
FY 03		.0965	
FY 04		.0965	

**E**

	Monthly Ben.	LTC	Oth.	TOTAL
FY 03	Months			
	\$ Fact.	X170	X183	
	TOTAL			
FY 04	Months	36	252	
	\$ Fact.	X200	X240	
	TOTAL	7200	60,480	67,680

**B VARIABLE BENEFITS**

	1. Gross Salary	2. Rate	3. Adjustment
FY 03			
FY 04	677,030	.1764	119,428

**D BENEFITS ADJUSTED FOR TRS EMPLOYEES**

	1. TRS Salaries	2. Rate	3. Adjustment
FY 03		.0426	( )
FY 04		.0426	( )

11 CURRENT AUTHORIZED POSITION SUMMARY

AGENCY Alaska Marine Highway Authority  
 PROGRAM \_\_\_\_\_  
 DRU \_\_\_\_\_  
 COMPONENT \_\_\_\_\_

HB 68  
 Page 5 of 7  
 Revised Date \_\_\_\_\_

FY 84

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES  
DIVISION OF MARINE HIGHWAY SYSTEMS

NEW POSITIONS

HB 68

<u>Position</u>	<u>Wage At Started Range Step A</u>	<u>Range</u>	<u>Wages</u>	<u>9/3/82 APER FY83 Wage</u>	<u>Location</u>	<u>Notes</u>
Operations Director	*51,840	24	\$52,656		JNO	
Computer Manager I	*36,492	19	36,468		JNO	
Accounting Supervisor III	*34,056	18	34,044		JNO	
Systems Analyst	*34,056	18	34,044		JNO	
Property Control Officer III	*34,056	18	34,044		JNO	
Information Officer	*32,868	17	31,680		JNO	
Purchasing Agent I	*29,556	16	29,460		JNO	
Communications Specialist	*29,556	16	29,460		JNO	
Internal Auditor	*29,556	16	29,460		JNO	
Accounting Supervisor II	*29,556	16	29,460		JNO	
Computer Operator	*25,740	14	25,620		JNO	
Computer Operator	*25,740	14	25,620		JNO	
Personnel Technician II	*25,740	14	25,620		JNO	
Accounting Technician I	*22,668	12	22,440		JNO	
Personnel Technician I	*22,668	12	22,440		KTN	
Accounting Clerk III	*20,076	10	19,944		JNO	
Accounting Clerk II	*21,984	9	18,768		SRD	
Mail Clerk Carrier III	*19,524	9	18,768		JNO	
Data Processing Asst	*18,936	9	18,768		JNO	
Data Processing Asst	*18,936	9	18,768		JNO	
Maintenance Foreman	*29,679	WG 55	29,679		JNO	

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES  
 DIVISION OF MARINE HIGHWAY SYSTEMS

NEW POSITIONS

HB 68

<u>Position</u>	<u>Wage At Started Range Step A</u>	<u>Range</u>	<u>Wages</u>	<u>9/3/82 APBR FY83 Wage</u>	<u>Location</u>	<u>Notes</u>
Maintenance Man	*27,905	WG 56	27,905		JNO	
Maintenance Man	*26,286	WG 57	26,306		JNO	
Executive Secretary III	*29,556	16	29,460		JNO	

# STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

(907) 465-3900

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

DEPUTY COMMISSIONER - ADMINISTRATION

POUCH Z  
JUNEAU, ALASKA 99811

February 22, 1982

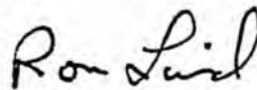
Honorable Bette M. Cato, Chairman  
House Transportation Committee  
State Capitol  
Pouch V  
Juneau, Alaska 99811

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

## ALASKA MARINE HIGHWAY AUTHORITY

HB 68

At the present time, the Alaska Marine Highway is included in the Federal Highway System and is eligible for participation in primary and secondary federal-aid highway funding.

Generally, the south-eastern routes are on the primary system, and the south-central routes are on the secondary system.

It is very important to note that only construction expenditures may qualify for inclusion in the federal-aid program. It is also important to note that there are no funds designated for the sole purpose of expanding the Marine Highway System. The funds spent on the Marine System come directly from the yearly appropriation.

The State of Alaska receives funds for new construction on the primary, secondary, and urban systems. The state receives the funds on the basis of a formula that includes system mileage, postal routes, area of federal lands, and other minor factors. Funding comes in several categories such as primary, secondary, urban, safety, railroad crossings, junk yard control, planning, beautification, etc.

The federal funding varies from year to year as appropriated in the federal budget. In recent years, the funds made available to the state have exceeded \$120 million yearly. By special legislation, Alaska receives the primary and secondary funds and may redesignate according to the long-range plan. Thus, the Marine Highway System may utilize the federal highway funding without regard to any federal allocation limits.

The same stipulations apply to the Marine Highway System-funds are for construction only. Maintenance and operations costs do not qualify. On the average, approximately 95% of the project cost is federal-aid, and the remaining 5% is provided by the state. In addition, the state may be responsible for costs that the feds do not allow.

The Marine Highway System originated when it became obvious that the panhandle cities may never be connected by roads. The fleet was acquired at a typical cost of several million dollars per ship. The smaller cities were serviced with boats such as the Chilkat, designed to carry a few passengers, vehicles, and vans on short trips. Most of the fleet is designed for the inland passage, with only the Tustumena rated for crossing the Gulf of Alaska and other open waters.

It is possible that the creation of the Marine Highway Authority will cause problems in utilization of the federal-aid highway trust fund monies. The question is, does this matter?

Consider that the State of Alaska has thousands of miles of substandard roads on its limited system. Reviews by a national users group revealed that the state was losing ground with the highway system deteriorating faster than it was being rebuilt.

A recent project was awarded on a section of the Seward Highway south of Anchorage. The ten-mile long project will cost almost thirty million dollars. Each region has several major projects scheduled and the overall program could easily use twice the federal funds (\$120 million plus) available each year. The Marine Highway System has similar needs. The recent repowering and rehabilitation of the Taku cost over \$15 million. The replacement of the aging Tustamena is estimated to cost \$55 million. The entire highway allocation to the central region, including Anchorage, Kenai Peninsula, Matanuska-Susitna, Kodiak Island, the Aleutians, the south-west Alaska totals less than \$50 million yearly.

The need for replacement and expansion of the Marine Highway System is documented by the studies conducted by the DOTPF. The creation of the Authority and the ability of that Authority to finance improvements should stabilize the long-range program for the ferry system. Since no portion of the federal highway funds are reserved for the Marine Highway System, there will be no effect other than a possible minor reduction due to a system mileage reduction. This reduction could be zeroed out by adding resource development routes to the system.

(Materials written by Robert Eder and Maurice Wilson, former employees of the Department of Transportation and Public Facilities now in private engineering practice.)

HB 68: An Act relating to ferries and ferry terminals and establishing the Alaska Marine Highway Authority.

The Department of Transportation and Public Facilities is opposed to the creation of an authority to operate the Alaska Marine Highway System. Given the lack of attention to the System over the past many years and user's concerns in this regard, it is understandable why the establishment of an authority may be considered. However, the concept of an authority to harness private sector self-sufficient, motivation for efficiency, with certain powers of the State that private industry does not have, such as the rights of eminent domain and access to government bond markets. In this instance, the system falls way short of being fiscally able to cover its own bonding, thus, the general fund obligations would be necessary, with no increase in debt capacity gained. In the case of the Marine Highway System revenues, only 50% of operating costs are covered, not to mention capital requirements. Such an Authority creates an additional administrative layer, insulated from the Executive Branch, is not responsive to the electorate's mandates as resulted by the Executive and yet draws a significant amount of its operating monies directly from the General Fund. In short, accountability is deminished.

The Marine Highway System is a marine highway and qualifies for substantial Federal highway funding. The administration of the construction projects associated with the Marine Highway System, to qualify for Federal funds, needs to follow strict design and financial audit guidelines. The amount of construction entailed in the Marine Highway System does not necessitate the full design and construction discipline capacity for a stand-alone department. The continued support from the Department of Transportation and Public Facilities in this regard insures that we execute these projects in a way that complies with the Federal Highway Administrative Guidelines without burdening the system with the requirement, otherwise, of establishing self-sufficiency for part-time requirements. Operations staff input into the design process needs improving and will be.

The performance problems associated with the Marine Highway System are well understood by the existing Governor and his Commissioner of the Department of Transportation and Public Facilities and the addressing of these problems are not necessarily solved through establishment of an authority. Both the public and the Legislature can have a significant influence on the attentiveness to the ferry system. Their recent concerns, as well as the personal commitments of the Governor and the incumbent Commissioner, will go farthest in insuring a rebalance of system service, strategy and resources.

Some organization changes envisioned within the Department of Transportation and Public Facilities will insure 1) greater visibility of the system, 2) more control of the system management over the configuration of its capital assets without necessarily having to execute the programs directly, and 3) a freer hand to initiate operating improvements. In the latter instance, we plan to modify the Marine Highway BRU format, so that businesslike trade offs between revenue and costs are highlighted and encouraged. This will provide similar financial visibility as well as authority.

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.

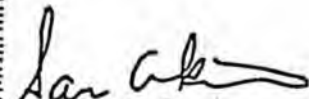
Last summer, our family had the distinct displeasure of traveling from Seattle to Juneau aboard the ferry system vessel MV Matanuska. I was embarrassed for all Alaskans to hear the comments about the voyage by visitors from out of state, and I was tremendously disappointed in the functioning of a group 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

# PENNISLE BOAT SHOP

## PENNOCK ISLAND

2/4/83

BOX 303  
KETCHIKAN, ALASKA 99901  
907-225-2872

rec 2/11/83



Dear Representative Cato,

I recently tried to make state-room reservations for the Sea-KTN route on the Alaska Marine System. This request was made in January for either June or July. All state-rooms were reserved - both ways.

It has come to my attention that travel agencies reserve these rooms as soon as the computer is ready to go for the upcoming season. If the agencies cannot 'resell' these tickets, their reservations are canceled, they are no money out, and we residents who ~~stand~~ happen to be standing on the dock may get a 'stand-by'. Reminds me of when I was in the army, trying to fly home on stand-by.

After residing in this state for ten years, I figured it was about time for my family to come up and visit. I wanted them to travel comfortable and, being a fisherman, wanted them to take a little boat ride - first class.

I realize that the more tickets get sold the more hotel rooms, food and alcohol gets sold and our economy needs all of this very much... but, couldn't a few of us locals be given a chance to reserve a state-room? I tried, six months in advance - No go.

Could this policy please be reviewed and ammended?

Thank you,

Garry Couch

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

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## 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.

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Q: 10/15/81

# Ferry

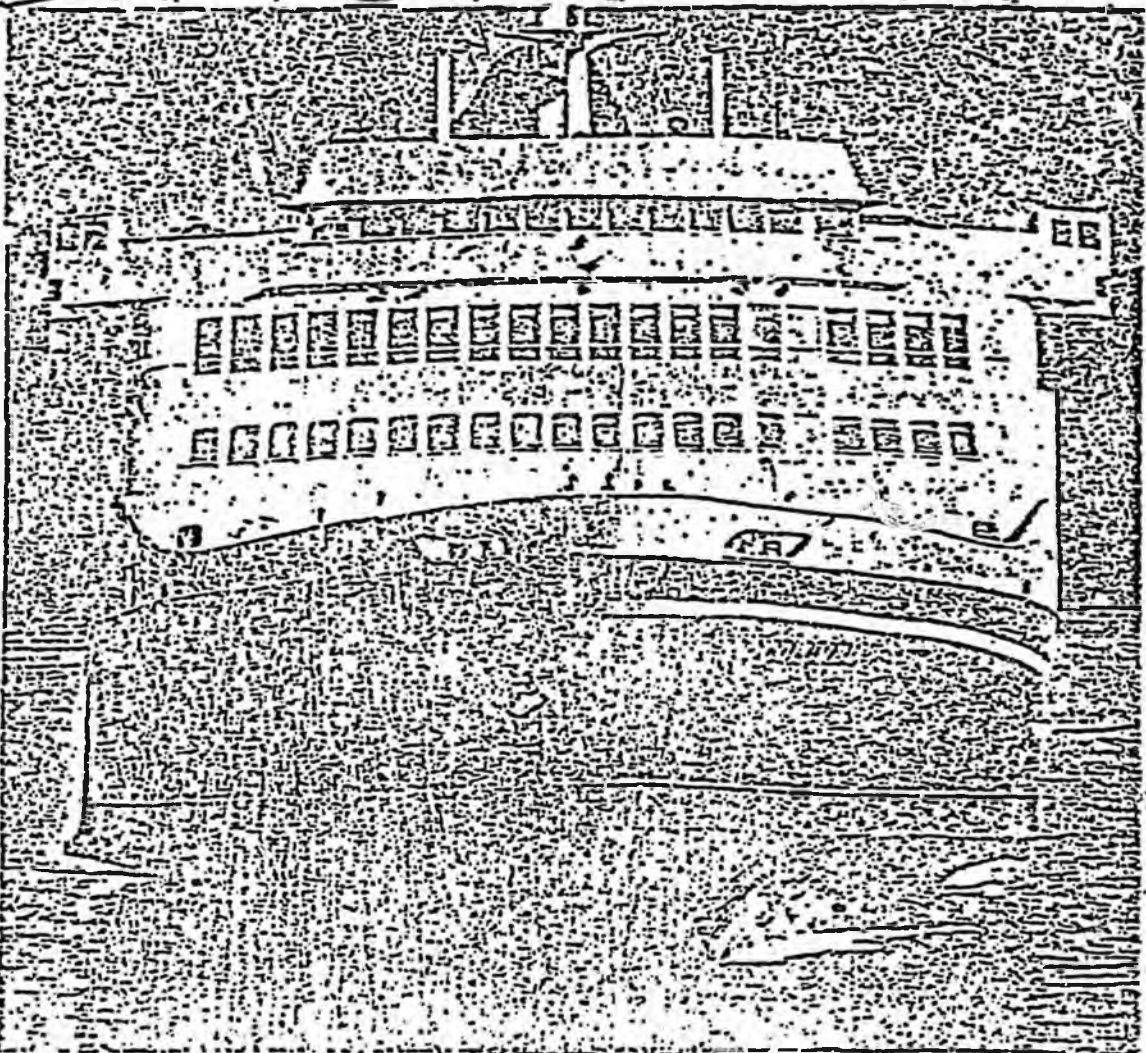
By LORI EVANS  
 Empire Staff Reporter  
 Everything from selling the ferry fleet to a private corporation to establishing wages that reflect the cost-of-living between Alaska and Seattle are being considered as alternatives to induce ferry workers to move to Alaska, according to a list released by Juneau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

Ray and three members of his committee, along with House Transportation Committee Chairwoman Belle 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;

# Wages discussed



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.

## A new ferry story

THE STATE FERRY system is apparently going to be asking for big money from the legislature next year. The director says the ferry Tustumena, which was built for \$2.82 million in the 1960s, should be retired because operating costs are too high. He plans to replace it with a new ferry that would cost \$48 million.

That will be a financial jolt for the legislators who apparently will be facing new financial crunches. Forecasts are being made that state revenues will fall short of expectations because of the intricacies of the world oil markets and resultant effects on state oil revenues. Gov. Jay Hammond has said he will apply the proposed spending limit on budget operations.

And that could mean that money for the new ferry will become an issue to be put up to the voters in a referendum.

THE FERRY SYSTEM has always been subsidized by the general fund of the state. The Alaska Marine Highway System has been designated by the federal government as eligible for highway funds, so much of its support comes out of Alaska's share of the national road program money.

The idea of building a new ferry might be seen as an oblique approach to adding another vessel to the fleet. This is implied in the comment of the director that he has not determined whether or not the

Tustumena would remain in service after it is replaced.

That brings up the question of why a replacement is needed if the old ship can still be operated after the new one is on line.

The Tustumena carries 325 passengers in inland waters, 220 in open waters and 54 standard-sized autos. Its length is 296 feet and its speed 14 knots. The so-called replacement would accommodate 450 passengers, 80 vehicles, length 350 feet, speed 16 knots. It would also introduce berths for 150 passengers — something that has not been enjoyed on the runs from Homer to Kodiak and Prince William Sound ports in the past.

THE FERRY SYSTEM has been controversial throughout its history. Residents of Southeastern Alaska communities love the ferry boats and respond violently to any criticism of them or their operating costs. But the system has less support in other parts of Alaska.

The proposal to spend \$50 million on a new boat will inevitably stir up a big fuss in the next session. Enthusiasm among Southeastern legislators for spending this big bundle of money will be quite a contrast to the same legislators' claim that the state cannot afford to move its capital to Willow, which when originally proposed was only a \$110-million project.

*Anch. Times 9/25/81*

## Section by Section Analysis

HB 68

"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.

### ARTICLE 1

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, two representatives from Region 1, Southeast Alaska, Kodiak, Region 2, and Region 3, southcentral (Prince William Sound).

Most language in this section is found in existing law for other authorities or boards 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.

### ARTICLE 2

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.

### ARTICLE 3

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.

### ARTICLE 4

Sec. 19.70.110. ACQUISITION AND MAINTENANCE OF FERRY TERMINAL FACILITIES. Allows the authority to construct, purchase, or lease terminal facilities and requires them to repair such facilities.

Sec. 19.70.120 CONNECTION OF FACILITIES TO HIGHWAYS.- The authority may connect ferry terminal facilities with local highway systems.

Sec. 19.70.130 REGULATIONS. Authority may adopt regulations for the use of terminal facilities.

Sec. 19.70.140 EXISTING FACILITIES NOT AFFECTED. Existing terminal facilities are not affected

### ARTICLE 5

Sec. 19.70.150 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. 19.70.160 ANNUAL AUDIT Records shall be checked by a CPA. Allows a legislative auditor to prescribe the form and content of financial records and has access to these records at any time.

Sec. 19.70.170 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. 19.70.180 NAMING OF VESSEL OR FACILITY sets guidelines for naming

Sec. 19.70.199 DEFINITIONS should be self explanatory.

Sec. 3 AS. 35.27 APPLICATION TO ALASKA MARINE HIGHWAY AUTHORITY  
Requires the authority to comply to this chapter with respect to public buildings and facilities.

Sec. 4-8 of the bill amends existing law to relate to an authority to read "authority" instead of "Department" giving the authority jurisdiction in law where the department had been specified.

Sec. 9. AS. 19.60.101 - 19.60.070 and AS. 19.65 are repealed.

Sec. 10 Sets out appointments for the first directors of the Alaska Marine Highway System.

HB 68 AMENDMENTS

Amendment 1

Page 1, Line 15

It is the policy of the state to:

provide necessary and desirable freight and passenger transportation services to residents, businesses, and visitors in the state;

develop and implement plans consistent with the goal of developing a transportation network that effect the policies set out in this subsection; and

provide safe, economical, and efficient transportation to residents, businesses and visitors in the state.

The legislature declares that

the exercise of the powers of the state in the interest of the people of the state is necessary to accomplish the policy as stated above by authorizing the creation of a public authority with the powers, duties, and functions as provided in this Act to operate the Alaska Marine Highway System and to manage its facilities;

it is in the best interests of the people of the state for the public authority created by this Act to operate and manage in a prudent manner the Alaska Marine Highway System;

to provide the best possible combination of types and levels of safe, efficient, and economical transportation that is necessary to meet the overall needs of the state, supported when necessary by state investments;

to minimize state subsidy and carry out its responsibilities in an attempt to become self-sustaining;

according to sound business management practices;

to provide the level of service that best satisfies the needs of the people of the state;

in a fiscally sound manner.

Amendment 2

Page 1, Line 29: Delete "two" and insert "one"

Page 2, Line 1: Delete "members" and insert "member"

Page 2, Line 2: Delete "and"

Page 2, Line 3: Following "sound" insert "and (one member from region four (Interior Alaska)).

Amendment 3

Page 4, following line 8

"Sec. 19.70.055 DUTIES OF THE AUTHORITY  
the authority may:

require pre-payment for reservations

provide access to information for reservations and  
marketing information for users of the marine highway  
system.

employ residents of Alaska to the greatest extent  
possible

enter into agreements with employee associations  
and/or unions

# Alaska State Legislature

Representative John Lindauer  
District 10-A  
3933 Geneva Place  
Anchorage, AK 99508



While in Juneau  
Pouch V  
Juneau, AK 99811  
465-3709

## House of Representatives

March 22, 1983

### A M E N D M E N T

By Lindauer *L.S.*

Offered in the HOUSE

TO: HB 68

Page 1, line 29:

Delete "two" a .nsert "one"

Page 2, line 1:

Delete "members" and insert "member"

Page 2, line 2:

Delete "and"

Page 2, line 3:

Following "sound" insert "and (4) one member from region four (Interior Alaska)"

Page 4, following line 8:

Insert the following:

"Sec. 19.70.055. DUTIES OF AUTHORITY. The authority shall

(1) assist the residents, businesses, and communities of the state in obtaining the best and most frequent possible marine passenger and freight service;

(2) schedule vessel sailings to maximize the frequency of service to <sup>all</sup> ports, ~~within the state.~~

(3) encourage and integrate with other public and private carriers to the greatest extent possible to provide ferry service within the state and between Alaskan ports and ports outside the state in order to provide maximum service within the state;

ADOPTED 3/30/83

(4) require pre-payment for the reservations made by non-residents;

(5) provide reservation access and marketing information throughout Alaska;

(6) encourage vessel construction, maintenance, and service in Alaskan ports to the greatest extent possible;

(7) employ residents of Alaska to the greatest extent legally possible;

~~(8)~~ <sup>DELETED</sup> Prohibit to the greatest extent legally possible the provision of special benefits and compensation to non-resident employees including, but not limited to, paid travel between out-of-state residences and home ports and vessel scheduling for the purpose of taking vessels to out-of-state ports of residency instead of to the Alaskan ports most in need of service.

<sup>(8)</sup> recognize Alaskan-based unions and employee associations <sup>to the extent legally</sup> ~~whenever~~ possible."

Page 4, line 16, following "revised":

Delete "and" and insert "," and, following "updated" insert "and approved by the legislature"

Introduced: 1/18/83  
Referred: Transportation  
and Finance

1 IN THE HOUSE

BY CATO AND GRUSSENDORF

2

HOUSE BILL NO. 68

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - FIRST 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  
21 the state in the Department of Transportation and Public Facilities  
22 but has a legal existence independent of and separate from the state  
23 and has continuing succession until its existence is terminated by  
24 law.

25 Sec. 19.70.020. DIRECTORS. (a) The authority consists of seven  
26 directors appointed by the governor as follows: a representative of  
27 commercial carriers, a representative of the maritime industry, a  
28 representative of the tourism industry, and four members of the public  
29 representing regions served by the marine highway as follows: (1) two

1 members from region one (extending from Dixon entrance to Skagway);  
2 (2) one member from region two (Kodiak Island); and (3) one member  
3 from region three (Prince William Sound). The appointment of each  
4 director is subject to confirmation by the legislature.

5 (b) The directors serve at the pleasure of the governor for  
6 four-year terms. Each director shall hold office for the term of the  
7 director's appointment and until a successor is appointed and qual-  
8 ified. A director is qualified for reappointment. A vacancy in a  
9 directorship occurring other than by expiration of term shall be  
10 filled in the same manner as the original appointment but only for the  
11 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 require-  
14 ments of AS 39.50 (conflict of interest). Each director before enter-  
15 ing upon the director's duties shall take and subscribe to an oath to  
16 perform the duties of office faithfully, impartially, and justly to  
17 the best of the director's ability. A record of the oath shall be  
18 filed with the Office of the Governor.

19 (d) The directors of the authority serve without compensation,  
20 but are entitled to travel and per diem expenses as provided in  
21 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 secre-  
24 tary and a treasurer who need not be directors, and the same person  
25 may be elected to serve both as secretary and treasurer. The powers  
26 of the authority are vested in the directors, and four voting direc-  
27 tors of the authority constitute a quorum. Action may be taken and  
28 motions and resolutions adopted by the authority at any meeting by the  
29 affirmative vote of at least four directors. A vacancy in the

1       directorship of the authority does not impair the right of a quorum to  
2       exercise all the 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  
5       administrative officer. The executive director may with the approval  
6       of the authority select and employ additional staff as necessary.  
7       Employees of the authority other than legal counsel and the executive  
8       director are in the classified service under AS 39.25. In addition to  
9       its staff of regular employees, the authority may contract for and  
10      engage the services of consultants, and professional, technical and  
11      financial advisors the authority considers necessary for the purpose  
12      of developing information, conducting hearings, studies, investiga-  
13      tions or other proceedings, or otherwise exercising its powers.

14                               ARTICLE       2.               POWERS       AND       DUTIES.

15               Sec. 19.70.050. POWERS OF AUTHORITY. In addition to other  
16      powers 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  
22      places out of the state that are served by the marine highway system;
- 23                       (5) subject to appropriation by the legislature, acquire,  
24      hold, use and dispose of its income, revenues, funds and money;
- 25                       (6) acquire, hold, use, lease, rent, construct and dispose  
26      of real and personal property for its purposes;
- 27                       (7) operate, maintain, improve, and extend a system of  
28      ferries connecting with the public roads and highways of the state and  
29      including the boats, vessels, wharves, docks, approaches, landings and

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

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

7 (9) establish rates and tariffs, after public hearings;

8 (10) modify routes, after public hearings.

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

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

17 ARTICLE 3. ACQUISITION OF PROPERTY.

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

29 Sec. 19.70.090. AUTHORITY TO PURCHASE PROPERTY FOR THE PURPOSE

1 OF EXCHANGE. When a majority of the directors of the authority de-  
2 clares that it is in the best public interest of the state to do so,  
3 the authority may acquire by purchase, gift, or exchange privately or  
4 publicly owned land or an interest in it for the purpose of exchanging  
5 it for privately or publicly owned land that the authority is author-  
6 ized by law to acquire.

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

17 ARTICLE 4. FERRY TERMINAL FACILITIES.

18 Sec. 19.70.110. ACQUISITION AND MAINTENANCE OF FERRY TERMINAL  
19 FACILITIES. The authority may construct, purchase, or lease ferry  
20 terminal facilities at locations it selects for the loading and un-  
21 loading of passengers and vehicles under their own power, on and off  
22 ferries. The authority shall repair and maintain these facilities.

23 Sec. 19.70.120. CONNECTION OF FACILITIES TO HIGHWAYS. The  
24 authority may connect ferry terminal facilities with local highway  
25 systems.

26 Sec. 19.70.130. REGULATIONS. The authority may adopt rules and  
27 regulations governing the use of ferry terminal facilities by the  
28 public that it considers necessary and proper in the public interest.

29 Sec. 19.70.140. EXISTING FACILITIES NOT AFFECTED. A ferry

1 terminal facility in existence and serving the public on January 1,  
2 1959, is not affected by AS 19.70.110 - 19.70.170.

3 ARTICLE 5. GENERAL PROVISIONS.

4 Sec. 19.70.150. ANNUAL REPORT. By January 15 of each year, the  
5 authority shall submit to the governor and the legislature a compre-  
6 hensive report describing the operations, income, and expenditures for  
7 the preceding fiscal year.

8 Sec. 19.70.160. ANNUAL AUDIT. The authority shall have its  
9 financial records audited annually by a certified public accountant.  
10 The legislative auditor may prescribe the form and content of the  
11 financial records of the authority and shall have access to those  
12 records at any time.

13 Sec. 19.70.170. BUDGET AND APPROPRIATIONS. The authority shall  
14 submit its annual budget to the legislature through the governor as  
15 provided for state agencies by the Executive Budget Act (AS 37.07).  
16 It may expend money directly appropriated by the legislature only as  
17 authorized by the legislature.

18 Sec. 19.70.180. NAMING OF VESSEL OR FACILITY. (a) A vessel or  
19 facility of the Alaska marine highway system constructed or acquired  
20 by the authority under this chapter or AS 19.60 may be given a name  
21 only by law.

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

23 (c) A vessel used principally on the inland waterways of the  
24 state shall bear the name of an historical vessel that used the rivers  
25 of the state.

26 Sec. 19.70.199. DEFINITIONS. In this chapter, unless the con-  
27 text requires otherwise,

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

1           (2) "capital improvement" means a project for the construc-  
2           tion, rehabilitation, rebuilding, enlarging, or improving of all or  
3           any part of the marine highway system, including, without limitation,  
4           boats, vessels, wharves, docks, approaches, landings, offices, and  
5           appurtenances as determined by the authority to be necessary or desir-  
6           able for efficient operation of the marine highway system and to best  
7           serve the public;

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

10           Sec. 19.70.200. SHORT TITLE. This chapter may be cited as the  
11           Alaska Marine Highway Authority Act.

12           \* Sec. 3. AS 35.27 is amended by adding a new section to read:

13           Sec. 35.27.025. APPLICATION TO ALASKA MARINE HIGHWAY AUTHORITY.  
14           The requirements of this chapter apply to the Alaska Marine Highway  
15           Authority. Compliance with this chapter is the sole responsibility of  
16           the authority with respect to the public buildings and facilities of  
17           the authority.

18           \* Sec. 4. AS 35.27.030(2) is amended to read:

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

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

22           (i) schools, office buildings, and court build-  
23           ings;

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

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

28           (iv) transportation facilities which accommodate  
29           traveling passengers;

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

2 \* Sec. 5. AS 35.27.030 is amended by adding a new paragraph to read:

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

4 \* Sec. 6. AS 39.50.200(b) is amended by adding a new paragraph to read:

5 (46) Alaska Marine Highway Authority (AS 19.70.010.)

6 \* Sec. 7. AS 44.42.020(a)(1) is amended to read:

7 (1) plan, design, construct and maintain all state modes of

8 transportation and transportation facilities and all docks, floats,

9 breakwaters, buildings and similar facilities, except that the depart-

10 ment is not responsible for planning, design, construction, or mainte-

11 nance of transportation modes or facilities under the jurisdiction of

12 the Alaska Marine Highway Authority;

13 \* Sec. 8. AS 44.42.020(a)(7) is amended to read:

14 (7) manage, operate, and maintain state transportation

15 facilities and all docks, floats, breakwaters and buildings, including

16 all state highways, vessels, railroads, pipelines, airports, and

17 aviation facilities, except that the department is not responsible for

18 management, operation, or maintenance of transportation facilities,

19 vessels, or equipment under the jurisdiction of the Alaska Marine

20 Highway Authority;

21 \* Sec. 9. AS 19.60.010 - 19.60.070, and AS 19.65 are repealed.

22 \* Sec. 10. APPOINTMENT OF FIRST DIRECTORS OF ALASKA MARINE HIGHWAY

23 AUTHORITY. The governor shall designate the terms of the directors of the

24 Alaska Marine Highway Authority first appointed under AS 19.70.020. Of the

25 seven directors first appointed

26 (1) two shall serve a term of two years;

27 (2) two shall serve a term of three years;

28 (3) three shall serve a term of four years.