

HB

68

We're getting letters from Conditors
on the Columbia glacier issue.

All suggesting old route into the
Celaier.

Bette —

I thought you
said Kitchen
facilities.

I wondered
why you wanted
me to ask

Do you not think that the Seefelt
a maritime academy may have to establish
a living Pool of Alaskans?

Questions:

Gov. Sheffield in the campaign
supported the formulation of an authority to
manage and operate the main Hwy. Authority

Has this administrative philosophy changed?

If so, why?

Stene -

As you have
Chapter + Verse on

this ? On what Sheffield ^{statement?}

of as can you get it

Not in writing but near primary election
time you told me that he was suggesting
this, splitting DOT, PF, and Regions.

Jack —

ask about the
Ketcher Facilities

STATE OF ALASKA
PRELIMINARY STATEMENT OF FISCAL IMPACT

Bill No: HB 68 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								
Operative				2440.4	1360.0	1500.0		
Total								

b. Revenues:

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

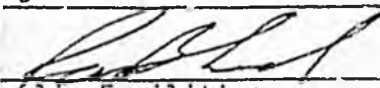
Sponsor did not identify source.

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:  Date: 2/14
 Department: Transportation & Public Facilities

5. Distribution:

- Original to Legislative Finance
- Copy to OMB
- Copy to Sponsor
- Copy to Requestor

III. ANALYSIS

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 \$53.2); 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.

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

1.			FY 83				FY 84			
			2. Pos.	3. No.	4.	5.	5. Pos.	6. No.	7.	8.
A P U E S T R A H M L O R I P Z O B E S E D N	1. Full Time	(From APUR 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 SOS Costs (Calculate in Box A)								41,502	
	8. Standard Benefits FY 83 (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 (SOS)		
FY 83		
	POSITIONS	AMOUNT
1.		
2.	X2188	X.0613
3.	\$	\$
4. Trans. lower - Line 7, Col 4.		
FY 84		
	POSITIONS	AMOUNT
5.	24	677,030
6.	X2240	X.0613
7.	\$ 53,760	\$ 41,502
8. Trans. lower - Line 7, Col 7.		

	15. FY 83 Authorized (From Form 5A)		
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		

E				
	Monthly Ben.	LTC	Orh.	TOTAL
	Months			
FY 83	\$ Fact.	X170	X183	
	TOTAL			
	Months	36	252	
FY 84	\$ Fact.	X200	X240	
	TOTAL	7200	60,480	67,680

B VARIABLE BENEFITS %			
1. Gross Salary	2. Rate	3. Adjustment	
FY 83			
FY 84	677,030	.1764	119,428

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

AGENCY Alaska Marine Highway Authority

PROGRAM _____

BRU _____

COMPONENT _____

11 CURRENT AUTHORIZED POSITION SUMMARY

FY 84

Page _____ of _____
Revised Date _____

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	

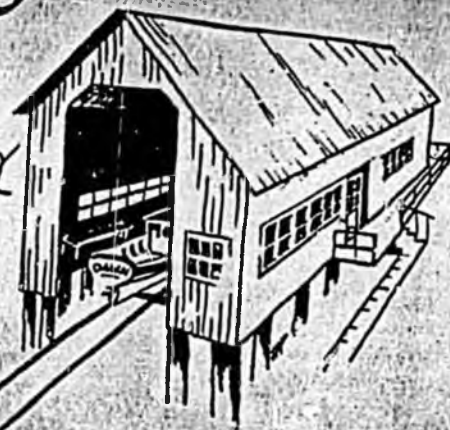
PENNISLE BOAT SHOP

PENNOCK ISLAND

2/4/83

BOX 3033
KETCHIKAN, ALASKA 99901
907-225-2872

per g/11/83



Dear Representative Cato,

I recently tried to make state-room reservations for the Sea-ICTN 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 comfy & safe
and, being a fisherman, wanted them
to take a little boat ride - first class.

I realize that the more ticket 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 receive a state-room?
I tried, six months in advance - No go.

Could this policy please be
revised and amended?

Thank you,

Harry Cook

Added to your (5 members) files on HB 68

Bill analysis - DOT

Position Paper - DOT

Minutes (draft) of Friday 2/18

TARE Recording No. 0461 - 0518 is verbatim

Spoke w/ Commissioner Casey yesterday -
he is unable to attend this morning due to prior
appt. w/ the Governor.

Mr Nusbbaum & Mr. Lind are available to
answer questions

NOTE: ORIGINAL DOCUMENT IS COLOR-CODED. IF NECESSARY
TO PROPER INTERPRETATION, REFER TO ORIGINAL DOCUMENT
IN THE ALASKA STATE ARCHIVES

D U P L I C A T I O N

M E M O R A N D U M

April 6, 1978

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

TO: Senator Bill Ray

FROM: Kenneth M. Rosenstein, Legislative Counsel

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

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

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

I have researched the position expressed by the FHWA's lawyers and have concluded that, unless the federal law is changed, it seems unlikely that the state would be eligible for federal funds for ferry construction if the ferry system was operated under the scheme set forth in SSB 371.

If there are any other avenues or approaches that I can explore for you, do not hesitate to contact me or call me at 465-4996.

MEMORANDUM

LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811

TO: W.I. (Bob) Palmer, Executive Assistant
Office of the Governor

DATE: 15 July 1975

FROM: Stuart C. Hall, Legislative Counsel

SUBJECT: Dept. of Transportation

The U.S. Advisory Commission on Intergovernmental Relations has developed a "package" of materials dealing with, and including a model, state Department of Transportation. One of the Commission's senior staff members discussed this at the NCSL Seminar on Public Transportation Issues, Wed., June 25, in Seattle. I have written SCIR for a copy of the material which was supposed to have been forwarded to all seminar participants in any event, but which I have not received to date. Hopefully the letter will expedite matters.

Will keep in touch and advise you of what I find.

MEMORANDUM

LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811

TO: W.I. (Bob) Palmer
Executive Assistant to the Governor

DATE: 15 September 1975

FROM: Stuart C. Hall
Senior Legislative Counsel

SUBJECT: Model DOT Legislation

Per your request of several weeks (months?) ago, I am attaching a copy of the Third Draft of the U.S. Advisory Commission on Intergovernmental Relations' Model State Department of Transportation legislation. I also have on my desk a document entitled "Transportation Departments in the Several States" (Informational Bulletin No. 74-12-3) published in February, 1974, by the Legislative Reference Bureau of the State of Wisconsin. If you'd like a copy of that, I'll have one made for you. I'm sorry for the delay, but I think we've survived the "interregnum" down here, and are back "on track" -- or at least I hope so.



ALASKA
INTERNATIONAL
CONSTRUCTION, INC.

P.O. Box 50029
Fairbanks, Alaska 99701
(907) 452-7171
Telex: 090-35454

Lon McDermott
President

Lon R. McDermott

Testimony on State of Alaska Senate C.S. for House Bill No. 63
Presented to the Senate Commerce Committee March 22, 1976

Subject: An Act relating to the organization of transportation related functions; creating the Department of Transportation and providing for an effective date.

Mr. Chairman and members of the Senate Commerce Committee:

My name is Lon McDermott. I am a citizen of the State of Alaska and reside at 390 Hamilton Avenue, Fairbanks, Alaska. I am employed as President of Alaska International Construction Co., which is a wholly owned subsidiary of Alaska International Industries. Our offices are located in Fairbanks, Alaska and our firm is licensed and does perform construction contracts throughout the State of Alaska, both as a prime contractor and in joint ventures with other Alaskan corporations. In the performance of projects I have become familiar with the present organizational structure of the State of Alaska departments that are responsible for the various phases of transportation related construction.

A.I.C. is a member firm of the Alaska Chapter of the Associated General Contractors of America and I am privileged to serve as a member of the Alaska Chapter Board of Directors and as a Vice President of the chapter. I am also an A.G.C. national committee member of the American Association of State Highway Officials-A.G.C. National Joint Cooperative Committee.

My career encompasses twenty-four years of active engagement in the construction industry, the last five of which have been in Alaska.

My purpose in appearing before this committee today is to present testimony on the proposed legislation creating a Department of Transportation for the State of Alaska.

I have thoroughly read Senate Committee substitute for House Bill No. 63 and I am of the firm opinion that its adoption by the Alaskan Legislature would be a positive action beneficial to the people of the State of Alaska and to the construction industry.

The legislation as written should provide for a more efficient, better planned and more economical utilization of State and Federal transportation funds.



U.S. DEPARTMENT OF TRANSPORTATION
FEDERAL HIGHWAY ADMINISTRATION
WASHINGTON, D.C. 20590

OFFICE OF THE ADMINISTRATOR

JAN 19 1976

IN REPLY REFER TO:

HCC-50.2

Stuart C. Hall, Esquire
Senior Legislative Counsel
State Capitol - Pouch Y
Juneau, Alaska 99801

Dear Mr. Hall:

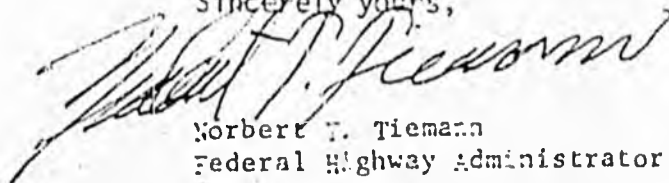
Your letter of November 21 to Secretary of Transportation William T. Coleman, Jr., relative to proposed State legislation which would place the present State highway department responsibilities in a newly created State Department of Transportation has been referred to the Federal Highway Administration (FHWA) for reply.

The bill passed by the House of Representatives which was enclosed with your letter places the responsibility for the planning, operations, and construction of State highways in a proposed Department of Transportation, and if enacted, this bill would satisfy the requirements of Title 23, United States Code, with regard to the unity of the State entity with which the FHWA should deal in all matters pertaining to Federal-aid highways.

You indicate that there is a possibility that an attempt will be made to amend this bill, in line with a proposal by the Commissioner of Public Works, to retain all construction of transportation systems in the Department of Public Works, with planning, design, operation, and maintenance of such systems assigned to the Department of Transportation. This proposal, as we understand it, was in the original House Bill No. 63, and Division Administrator Hanna's memorandum to Commissioner Parker dated February 28, 1975, correctly reflected informal advice at that time from the FHWA Office of Chief Counsel to our Assistant Regional Counsel in Portland, Oregon. This informal advice was confirmed by a memorandum dated March 28, 1975, a copy of which is enclosed. It is our conclusion that the placing of the construction of highways in one State department and the placing of planning, operation, and maintenance thereof in another State department would be inconsistent with the long-standing administrative interpretation of the purpose of 23 U.S.C. 302(a).

Please let me know if FHWA can be of further assistance to you in this matter.

Sincerely yours,



Norbert T. Tiemann
Federal Highway Administrator

1 Enclosure

3443 MINNESOTA DRIVE
ANCHORAGE, ALASKA 99503

2/23/76

LARRY

TELEPHONE (907) 272-0568

REFER TO FILE

TESTIMONY OF ALASKA CARRIERS ASSOCIATION REGARDING
PROPOSALS FOR A STATE DEPARTMENT OF TRANSPORTATION

The Alaska Carriers Association has carefully reviewed the proposals for a state Department of Transportation from the following aspects:

1. Improvement of present coordination of transportation planning and development.
2. Governmental efficiency and staffing without excess duplication of personnel.
3. Operations of other states who have established DOT's.
4. Impact on the basic highway needs of the state.
5. Concentration of power in a bureaucracy and subsequent erosion of the legislative control which is more responsive to the people.

On Item 1 it is conceded that better coordination is needed than at present. One of the chief arguments for a state DOT are the many stories about airports or docks being built while a highway is constructed a mile or two away with no connections to the facility.

This is a communications problem and does not require a super agency to solve it. The concept of a governor appointing his own department heads is designed so that he can also see that they do

UNITED STATES GOVERNMENT

Memorandum

DEPARTMENT OF TRANSPORTATION
 FEDERAL HIGHWAY ADMINISTRATION
 Washington, D.C. 20590

DATE March 28, 1975

In reply
 use HCC-50

SUBJECT: Alaska DOT Bill

FROM: Assistant Chief Counsel
 For General Law

TO: Mr. James F. Zotter
 10-00 Assistant Regional Counsel
 Portland, Oregon

This is in response to your memorandum of March 18, 1975, requesting our opinion as to the effect of 23 U.S.C. 302 upon the proposed Alaska Department of Transportation Bill (House Bill No. 63, section 3). It is our view that the proposed bill will not meet the requirement of 23 U.S.C. 302(a) that a State have a suitably equipped and organized highway department with adequate powers to discharge the duties required by title 23, United States Code.

The proposed bill would authorize the Department of Public Works to assume the duties and powers over (1) State highway design and construction; (2) acquisitions of rights-of-way; and (3) the relocation assistance program. The bill would vest with State Department of Transportation the duties and powers over (1) highway planning; (2) highway maintenance and operation; and (3) all other duties not specifically given to the Department of Public Works. In Section 2 the bill states that the State DOT will "work cooperatively with the Department of Public Works to assure that design and construction of transportation facilities by the Department of Public Works are consistent with plans and operational requirements." (Section 44.42.020(7)) It appears that the State DOT will be equal in status with the State Department of Public Works. That is, in the functional area of governmental action that FHWA oversees, there would be two co-equal State agencies, the State DOT and the State Department of Public Works. For different parts of the highway program, FHWA, according to this proposed bill, would have to deal with two State agencies independent of one another.

23 U.S.C. § 302(a) speaks of "a State highway department" which will be adequate to perform the duties required of it by Title 23. "State highway department" is defined in 23 U.S.C. § 101(a) as "that department,

commission, board, or official of any State charged by its laws with the responsibility for highway construction." The term "construction" is defined in § 101(a) as "the supervising, inspecting, actual building, and all expenses incidental to the construction or reconstruction of a highway, including locating, surveying, and mapping . . . acquisition of rights-of-way, relocation assistance"

In all of above mentioned sections, there is only one State agency mentioned--not two. Furthermore, in §§105, 106, 109 which deal with planning of a highway project there is only one State agency mentioned--the State highway department--and this is the same agency as mentioned in §110 which concerns the actual project agreement for the highway construction.

From the language of the code it is clear that Congress intended that one State agency should be responsible for all facets of the highway program from the original planning stage through to the construction phase. The proposal to split the functions of highway construction and planning between co-equal State agencies runs counter to the terms of the statute. In our opinion Congress intended that there be one State agency, by whatever name it is designated, which handles all phases of the Federal-aid highway program.

Brian R. Killiford
 Brian R. Killiford

013
222 S. W. Morrison St.
Portland, Oregon 97204
March 18, 1975

Alaska DOT Bill

10RC

Assistant Regional Counsel, Region 10

Mr. David E. Wells, Chief Counsel
Washington, D.C.

HCC-50 ATTENTION: Mr. Brian Williford
Assistant Chief Counsel

Alaska State Representative Bill Parker has requested a formal legal opinion from the Federal Highway Administration regarding Alaska House Committee Substitute 63 which would create an Alaska Department of Transportation (copies attached). Mr. Parker is specifically interested in knowing whether Section 3 of this bill which vests all powers and duties relating to planning, maintenance, and operation of State highways in the Department of Transportation and all powers and duties relating to design and construction in the Department of Public Works complies with Title 23, U.S.C., particularly the definition of "State Highway Department" in §101, and the requirements of §302(a).

We previously discussed this matter over the phone with Mr. Norm McPhee at the urgent request of Deputy Highway Commissioner Charles Matlock. During those discussions, Mr. McPhee informally indicated that he did not believe that section 3 of the proposed bill complied with 23 U.S.C. §101 and §302(a). It was his opinion that those sections required a single state entity to discharge all of the duties called for by Title 23, U.S.C., including planning, design, construction, operations and maintenance. Mr. McPhee's informal opinion was provided to Deputy Commissioner Matlock.

Could you please provide us with a formal legal opinion in response to Mr. Parker's request. If your formal opinion concludes that the proposed bill would comply with Title 23, U.S.C., Division Engineer Hanna has requested comments on any problem areas which might result from the bifurcation of the present duties of the Department of Highways into two separate and distinct departments. Mr. Hanna has expressed to me over the phone

Mr. David E. Wells
March 18, 1975

2

his personal concern over the effects of this bill on Division's operations if they are required to coordinate and work with two separate departments regarding different aspects of the federal-aid highway program.

We would appreciate your response as soon as possible as the present legislative sessions should be ending shortly.

James F. Zotter

Attachments

cc: Lybecker/E. Green
Gene Hanna

JFZ:dzj

SB SENATE BILL NO. 213 was referred to the Rules Committee
213

SS The State Affairs Committee has had SPONSOR SUBSTITUTE FOR
SB SENATE BILL NO. 371 (creating the Alaska Marine Highway
371 Authority) under consideration and reports it back with
the following amendments:

Amendment No. 1
Page 1, lines 20 - 23 delete
line 24 : delete the word "system."
and insert: "two directors appointed by the
governor from communities in southeast Alaska
and two directors from the remainder of the
state, at least one of whom shall be from an
area not served by the marine highway system."

Amendment No. 2:
Page 3, lines 13 and 14: delete "income,
revenues, funds and money;" and insert: "own
appropriations"

Amendment No. 3:
Page 1, line 19: after "facilities" insert:
"or his designee"

The report was signed as follows: Senator Willis, Co-
Chairman, signed "no recommendation, must be amended";
Senator Bradley signed "no recommendation, should be
amended"; Senator Kerttula signed "no recommendation,
amend"; Senator Ray signed "do pass if amended" and
Senator Huber signed "do not pass unless amended". The
committee also reported the bill back with a letter of
intent to the Finance Committee.

SPONSOR SUBSTITUTE FOR SENATE BILL NO. 371 was referred
to the Finance Committee.

Letter of intent on the above bill follows:

MEMORANDUM

To: Finance Committee Date: March 22, 1978
From: Senate State Affairs Subject: SB 371
[Signature]

The Department of Transportation and Public Facilities and
the appropriate federal officials are currently working on
a change in wording in SB 371 that would ensure the continued
access to certain federal funds.

The Senate State Affairs Committee has reported out SB 371
with the understanding that this important wording would be
presented to the Finance Committee by the DOT.

The Judiciary Committee has had SPONSOR SUBSTITUTE FOR
SENATE BILL NO. 509 (modification of sentences) under
consideration and the committee recommends it be replaced
with COMMITTEE SUBSTITUTE FOR SPONSOR SUBSTITUTE FOR SENATE
BILL NO. 509 and that it do pass. The report was signed
by Senator Hohman, Chairman, and concurred in by Senators
Wardner and Tillion.

SS
SB
509

SPONSOR SUBSTITUTE FOR SENATE BILL NO. 509 was referred to
the Rules Committee.

The State Affairs Committee has had SENATE BILL NO. 530
(special appropriation to the New Capital Site Planning
Commission) under consideration and reports it back with
the following amendment:

SB
530

Page 1, line 10: delete "\$1,221,200" insert:
"\$3,778,000"

lines 12 - 20: delete. Insert "Complete
data collection necessary for the
environmental impact assessment."

The report was signed as follows: Senator Willis, Co-
Chairman signed "do pass if amended". Senators Huber
and Kay signed "do not pass". Senators Bradley and
Kerttula signed "no recommendation".

SENATE BILL NO. 530 was referred to the Finance Committee.

The Finance Committee has had COMMITTEE SUBSTITUTE FOR
HOUSE BILL NO. 773 (Finance) (special appropriation to
the Department of Fish and Game division of commercial
fisheries) under consideration and the committee recom-
mends it do pass. The report was signed by Senator Sackart,
Chairman, and concurred in by Senators Croft, Meland,
Tillion, Orsini and Hohman.

CS
HE
773
(Fin)

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 773 (Finance) was
referred to the Rules Committee.

The Rules Committee has had the following under
consideration and recommend they be placed on the March 23
calendar:

SENATE CONCURRENT RESOLUTION NO. 87 (annulling
a regulation relating to drinking water)

SCR
87

SENATE BILL NO. 311 (authorizing the Alcoholic
Beverage Control Board to issue club permits)

SB
311

ANCHORAGE
DAILY NEWS

Lawrence Fanning

Editor and Publisher, 1967 to 1971

Katherine Fanning
Editor and Publisher

Frederick W. Field
President

Stan Abbott
Executive Editor

Tom Gibboney
Managing Editor

Alaska's Only Morning Newspaper

Founded in 1946 by Norman C. Brown

Our views:

The DOT debate

Current debate over the proposed state Department of Transportation (DOT) is not so much about whether a cabinet-level agency is needed as it is how the new department should be structured.

One plan, supported by Gov. Jay S. Hammond, calls for the DOT to be a planning agency, divorced from building functions but in command of them.

The governor is convinced that the separation of functions into two agencies — the departments of Public Works and Transportation — is the best way to strengthen planning and closely examine policy questions surrounding construction.

As envisioned by the governor's bill, the Department of Public Works would be in charge of building everything the state constructs, from highways to hiking trails, from airstrips to ferry terminals. The DOT, however, would control all planning, design and funding.

In short, the Department of Public Works couldn't build any transportation facility unless directed to do so by the Department of Transportation.

Highway Administration sought clarification about just who would hold final accountability for federal dollars granted to transportation programs here. That led to revisions, and the amended governor's bill apparently satisfies federal authorities: complete accountability would be shouldered by the DOT, with construction authority delegated to the Department of Public Works.

Criticism of the governor's plan comes from within his administration as well as from powerful legislative leaders and transportation industry representatives in Juneau. One of the key participants is Mr. Hammond's commissioner of Highways, Walt Parker, who is lukewarm to the plan because of its divided function.

Commissioner Parker has vowed to support the administration's plan "as long as I am a part of it." But he and others have quietly opposed the concept because they believe the split-function DOT is not comprehensive enough. Splitting the functions will make the process even less coordinated than now, they argue.

Opponents of the governor's DOT plan envision a single, integrated department, spanning all transportation needs from start to finish — from planning to construction.

The outcome of the debate, which has been both educational and lively, will have much to do with the public process in Alaska. Fewer needs are more pressing than transportation across our vast state, and few areas of government account for so much of the public money.

Despite unfortunate personality differences which have entered the debate, it promises to be the kind of discussion which important public policy demands. Both administratively, in the departments and agencies involved, and in the public hearing process of legislative committees, the subject will be widely discussed. There is opportunity for citizens, either in writing or by appearance, to make their position known; there will also be a clear chance for us all to watch the process and learn the arguments.

We join numerous other concerned Alaskans in promising just that. We will all be watching the process and result closely.

8) Domestic production will continue to decline until 1985 and then increase gradually. Despite price increases and increased conservation, demand will far exceed domestic supply, and, prior to 1990, demand will be met through increased imports.

9) By the year 2000, 40 percent of domestic crude will be from Alaska.

10) Coal will play an increasingly important role in meeting not only national energy needs, but also energy needs of the transport sector. By the final decade of this century, synthetic crude oil will represent 20 percent of the crude oil available to refineries from all sources. Of the synthetic crude about 78 percent will be from coal.

11) In the future coal will move twice its current average distance, and at three times the volume, for a six-fold increase in ton-miles. Thus, the BTU efficiency of coal as an energy resource will actually decline.

12) Sufficient petroleum based fuels can be made available for transportation only if all domestic energy resources are exploited (e.g. solar, nuclear, oil shale, tar sands, coal liquification and bio-mass) to meet total national energy needs.

Safety

13) Projections show that although the amount of vehicle miles traveled in the year 2000 will increase, improved safety features will result in a lower fatality rate. Because of increased travel, the total number of fatalities will most likely rise to 66,900 annually by the year 2000 but may range as high as 75,600.

NATIONAL TRANSPORTATION POLICY STUDY COMMISSION

2000 M Street, NW., Suite 3000

Washington, D.C. 20036

202-254-7453

Hon. Bud Shuster, M.C.
Chairman

Dear Reader:

June 25, 1979

This report sounds an alarm!

The world's best transportation system is in danger. It may not be able to meet the needs of a growing America.

* The present levels of public and private investment will not preserve the existing system.

* The demand for transportation will grow dramatically, outdistancing the rate of population growth by 9 times for freight and 4 times for people.

* The capital investment required to meet the growing demand by the year 2000 exceeds \$4 trillion, over \$1 trillion from the public sector.

* Government over-regulation is inhibiting the return on investment necessary to attract capital for future growth.

* A maze of federal agencies, congressional committees and conflicting policies is driving up costs and retarding innovation.

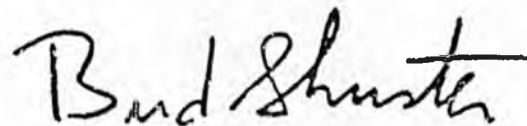
* Highway fatalities could increase 45 percent, exceeding 66,000 annually by the year 2000.

* A lackluster energy policy, impeding production of oil, coal and other forms of energy, is endangering transportation's ability to keep up with demand.

The NATIONAL TRANSPORTATION POLICY STUDY COMMISSION in its final report to Congress and the President includes over 80 specific recommendations to improve America's transportation system. This summary describes 33 of those recommendations. It is significant that the final report was unanimously adopted by a vote of 18 to 0, although, obviously, not every Commissioner agrees with every recommendation.

The world's best transportation system need not decline. Implementation of the COMMISSION'S recommendations will contribute to the revitalization of transportation in America and help provide one of the critical prerequisites for economic growth and prosperity in the future.

America's transportation system must be designed to meet the requirements of the people, not to dictate what those requirements should be. The American people and their leaders in both public and private sectors must squarely face the developing deficiencies in transportation and adopt new policies for the future.



BUD SHUSTER, M.C.
CHAIRMAN

STATE OF ALASKA THE LEGISLATURE

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99801

LEGISLATIVE AFFAIRS AGENCY

(907) 465-3800

November 21, 1975

Honorable William T. Coleman, Secretary
Department of Transportation
400 Seventh Street, N.W.
Washington, D.C. 20590

Dear Secretary Coleman:

The Alaska State Legislature has under consideration legislation establishing a state Department of Transportation. Committee Substitute for House Bill number 63 (Finance), amended, has passed the state House of Representatives and the bill presently is pending before the Senate Commerce Committee for consideration during the 1976 Session convening January 12, 1976. The bill also is being studied by the Legislative Council's Interim Subcommittee on Transportation.

For some months considerable controversy has surrounded the deliberations on this legislation. The principal point in contention has been a proposal by the Commissioner of Public Works (the majority of whose divisions would be absorbed along with the existing Department of Highways into a state DOT) that all construction of transportation systems be retained in the Department of Public Works, but that planning, design, operation and maintenance of the systems would be assigned to the Department of Transportation. (The bill as passed by the House, a copy of which is enclosed, does not expressly reflect the Commissioner of Public Works' philosophy, but it is responsibly believed that the separation of construction from the state DOT will be proposed either as an amendment to, or as a substitute for, CSHB 63 (Finance), amended.)

The attached correspondence from Mr. Gene A. Hanna, Division Engineer, Alaska Division, Federal Highway Administration, indicates that separation of highway construction from the department responsible for highway planning, design, operation and maintenance would not comply with existing federal highway legislation and thus would disqualify the State of Alaska for substantial federal highway construction funds.

October 16, 1975

Senator J.M. Kerttula, Chairman
Legislative Council Sub-Committee
on Transportation
310 "K" Street Suite 701
Anchorage, Alaska 99501

Dear Senator Kerttula,

The Highway Users Federation of Alaska has made a thorough study of the proposals now before the legislature for the creation of a State Department of Transportation. Both our Board and our entire membership were polled on this issue and the response was 80% in opposition to a State Department of Transportation.

It will not be possible for a representative of our organization to appear before your committee on October 20th, but we would like our position to be known on this issue and so noted in your proceedings.

Our position can perhaps best be stated by the enclosed fact sheet and news release based on the response of our members.

We do appreciate the opportunity to state our position on this matter and assure you that we share the concern of you and your committee in finding ways to improve all aspects of Alaska transportation for the greater good of the state.

Sincerely,

Vern Smith
President - HUF of A

DIRECTORS

PRESIDENT
VERN SMITH
MINNESOTA MINING & MANUFACTURING CO.

SECRETARY
JERRY LEWIS
STANDARD OIL COMPANY OF CALIFORNIA

TREASURER
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ALASKA AUTOMOBILE DEALERS ASSOCIATION

GLEN GLENZER
ASSOCIATED GENERAL CONTRACTORS

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whose property the highway will pass to express any objections they may have to the proposed location of such highway.

(b) When hearings have been held under subsection (a), the State highway department shall submit a copy of the transcript of said hearings to the Secretary, together with the certification, Pub.L. 85-767, Aug. 27, 1958, 72 Stat. 992.

Notes of Decisions

Failure to grant hearing 4
Judicial action 8
Location, construction, and maintenance, state power 9
Nature and form of hearing 2
Opportunity to be heard 2
Persons conducting hearing 4
Purpose 1
Questions of fact 7
Sufficiency of notice 5

ere to afford an opportunity for but not necessarily to hold public hearings to give consideration to the economic effects of the proposed road location, file with the Commissioner of Public Works a transcript of the hearings and certify to the Commissioner that such opportunity to be heard has been afforded and such economic effects considered. *Binghamton Citizens Penn-Carlisle 17 Highway Committee v. Federalick*, 1953, 180 N.Y.S.2d 613, 7 A.D.2d 170.

The spirit of this section and regulations of New York statutory acceptance and implementation with respect to location of a federal aid highway is that a fair opportunity should be given to the citizens to express their views on the proposed road location. *Id.*

Literary references
Highways 300(11).
U.S. Highways 1 192 et seq.

1. Purpose

Purpose of this section providing that any highway department which submits plans for a federal aid highway project shall certify to Secretary that it has held public hearings or has afforded opportunity for such hearings and has considered economic effects of such a location was to insure wise and fair use of federal funds, and under Pennsylvania law, 24 P.S. § 22918, and policy, stated federal aid, such hearings are not required to be held. *Hoffman v. Stevens*, D.C.Pa.1959, 171 F.Supp. 808.

2. Nature and form of hearing

This section relating to public hearings by State Highway Department planning a federal aid highway project which bypasses or goes through city does not contemplate that Department shall conduct quasi-judicial hearing but merely that Department will hold public hearing to inform residents of area of location under consideration so that such residents can express their views, including their views as to economic effects of such location. *Janecka v. Department of Highways*, 1960, 318 F.2d 235, 76 N.W. 2d

3. Opportunity to be heard

When a highway is to be built under this chapter, statute and regulations, when read together require state offi-

that economic effects would be considered at hearing. *Janecka v. Department of Highways*, 1960, 318 F.2d 235, 76 N.W. 2d

4. Persons conducting hearing

That public hearings conducted under this section with respect to a freeway through a municipality were presided over by private citizen rather than by an officer of the department did not violate the constitutional rights of objecting property owners. *Mikeshki v. Smith*, 1963, 147 A.2d 176, 37 1-1/2 A. 501, affirmed 153 A.2d 567, 38 Del.Ch. 402.

7. Questions of fact

Affidavits of citizens seeking injunction against State Highway Commission and others in connection with designing, laying out, opening and constructing an interstate highway through city were insufficient to raise fact issues as to holding of public hearing on locating and planning highway, laying out and constructing it, procuring scientific design, making of economic survey, and complying with federal and state laws. *Putch v. Greer*, Tex.Civ.App. 1962, 353 S.W.2d 896, *rev. n. r. e.*, certiorari denied 381 U.S. 729, 154 L.Ed.2d 721.

cert denied 381 U.S. 729, 154 L.Ed.2d 721.

8. Judicial action

In proceeding for an order annulling public hearings concerning the location of a federal aid highway by officers of the State Department of Public Works, pleading legal generalizations such as that the hearings were conducted in a manner contrary to law and in disregard of the rights of the petitioners, presented no ground for judicial action where nowhere in the pleading was there any demonstrative factual allegation in context. *Binghamton Citizens Penn-Carlisle 17 Highway Committee v. Federalick*, 1953, 180 N.Y.S.2d 613, 7 A.D.2d 170.

b. Location, construction, and maintenance, state power

Federal regulations with respect to interstate highway must be complied with in order for state to receive federal funds, but such requirements do not limit or affect authority of State Highway Commission to select location, construct and maintain highways in the state. *Putch v. Greer*, Tex.Civ.App.1962, 353 S.W.2d 896, *rev. n. r. e.*, certiorari denied 381 U.S. 729, 154 L.Ed.2d 721.

§ 129. Toll roads, bridges, tunnels, and ferries

(a) Notwithstanding the provisions of section 301 of this title, the Secretary may permit Federal participation, on the same basis and in the same manner as in the construction of free highways under this chapter, in the construction of any toll bridge, toll tunnel, or approach thereto, upon compliance with the conditions contained in this section. Such bridge, tunnel, or approach thereto, must be publicly owned and operated. Federal funds may participate in the approaches to a toll bridge or toll tunnel whether such bridge or tunnel is to be or has been constructed, or acquired, by the State or other public authority. The State highway department or departments must be a party or parties to an agreement with the Secretary whereby it or they undertake performance of the following obligations:

(1) all tolls received from the operation of the bridge or tunnel, less the actual cost of such operation and maintenance, shall be applied to the repayment to the State or other public authority of all of the costs of construction or acquisition of such bridge or tunnel, except that part which was contributed by the United States;

(2) no tolls shall be charged for the use of such bridge or tunnel after the State or other public authority shall have been so repaid; and

(3) after the date of final repayment, the bridge or tunnel shall be maintained and operated as a free bridge or free tunnel.

(b) Upon a finding by the Secretary that such action will promote the development of an integrated Interstate System, the Secretary is authorized to approve as part of the Interstate System any toll road, bridge or tunnel, now or hereafter constructed which meets the standards adopted for the improvement of projects located on the Interstate System, when such toll road, bridge or tunnel is located on a route heretofore or hereafter designated as a part of the Interstate System. No Federal-aid highway funds shall be expended for the construction, reconstruction or improvement of any such toll road, except to the extent permitted by law after June 29, 1956. No Federal-aid highway funds shall be expended for the construction, reconstruction or improvement of any such toll bridge or tunnel, except to the extent permitted by law on or after June 29, 1956.

Funds authorized for expenditure on any of the Federal-aid systems, including the Interstate System, shall be available for expenditure on projects approaching any toll road, bridge or tunnel where such project will have some use irrespective of its use for such toll road, bridge or tunnel.

(d) Funds authorized for the Interstate System shall be available for expenditure on Interstate System projects approaching any toll road on the Interstate System, although the project has no use other than an approach to such toll road, if an agreement satisfactory to the Secretary has been reached with the State prior to the approval of such project —

(1) that the section of toll road will become free to the public upon the collection of tolls sufficient to liquidate the cost of the toll road or any bonds outstanding at the time constituting a valid lien against such section of toll road covered in the agreement and their maintenance and operation and debt service during the period of toll collections, and

(2) that there is one or more reasonably satisfactory alternate free routes available to traffic by which the toll section of the system may be bypassed.

(e) Notwithstanding the provisions of section 301 of this title, the Secretary may permit Federal participation under this title in the construction of a project constituting an approach to a ferry, whether toll or free, the route of which has been approved under section 103(b) or (c) of this title as a part of one of the Federal-aid systems and has not been designated as a route on the Interstate System.

Such ferry may be either publicly or privately owned and operated, but the operating authority and the amount of fares charged for passage shall be under the control of a State agency or official, and all revenues derived from publicly owned or operated ferries shall be applied to payment of the cost of construction or acquisition thereof, including debt service, and to actual and necessary costs of operation, maintenance, repair, and replacement. Pub.L. 85-767, Aug. 27, 1958, 72 Stat. 902; Pub.L. 86-657, §§ 5, 8(n), July 14, 1960, 74 Stat. 523, 524.

Historical Note

Pub.L. 86-657, § 2(b), is the catchline.
Subsec. (c), Pub.L. 86-657, § 5(a), added subsec. (c).
Pub.L. 86-657, § 8(n), substituted words "under prior Acts" which followed "Funds authorized."

Legislative History: For legislative history and purpose of Pub.L. 86-657, see 1160 U.S. Code Cong. and Adm. News, p. 3120.

Notes of Decisions

Section 1
Time to amortize cost

Library references

Interstate System
Toll Roads and Toll Bridges
C.F.S. Bridges § 15
C.F.S. Ferries § 3
C.F.S. Tolls and Toll Roads § 8.

1. Time to amortize cost

Highway Commission's contract to issue and to sell bonds revenue refunding bonds was not violation of act of Congress establishing commission to operate toll bridges provided that tolls were so adjusted as to amortize cost of bridges within 20 years, notwithstanding that some of refunding bonds extended beyond 20 years, since act did not purport to limit time which bonds should run. *State Highway Commission of Kentucky v. King*, Ky.1935, 62 S.W.2d 443, 28 Ky 124.

Act of Congress, authorizing highway maintenance to operate interstate toll bridges provided that tolls were so ad-

justed as to amortize cost of bridge as soon as possible within 20 years, made it duty of commission to so operate bridges as to free them from tolls at earliest possible date, but did not hamper commission in financing their costs, and would not prohibit collection of tolls after 10 year period if revenue had not been sufficient to pay bonds issued in financing costs of bridge. *Id.*

2. Ferries

The establishment of ferries across streams and un navigable waters, for national transportation purposes as distinguished from sightseeing, amusement and the like, is not a matter of purely private right and function, but is a public function permitted only by the consent, express or implied, of sovereign authority. *U. S. v. Washington Toll Bridge Authority*, 110 Wash.1903, 190 P. Supp. 93, reversed on other grounds 297 F.2d 323, certiorari denied 83 S.Ct. 324, 332 U.S. 611, 9 L.Ed.2d 719.

Where a ferry serves as an essential link in a highway, it is as much an integral part of the highway system as a bridge. *Id.*

§ 130. Railway-highway crossings

(a) Except as provided in subsection (d) of section 129 of this title and subsection (b) of this section, the entire cost of construction of projects for the elimination of hazards of railway-highway cross-

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ALASKA MARINE HIGHWAY AUTHORITY

HB 651


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, and 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 Department of Transportation and Public Facilities. 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.

Anchorage
Times

Heavy seas

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

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

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

Who's to blame?

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

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

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

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

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

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

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

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

Clearly, something must be

A real puzzler

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

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

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

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

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

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

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

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

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

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

Q: Done 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;

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;

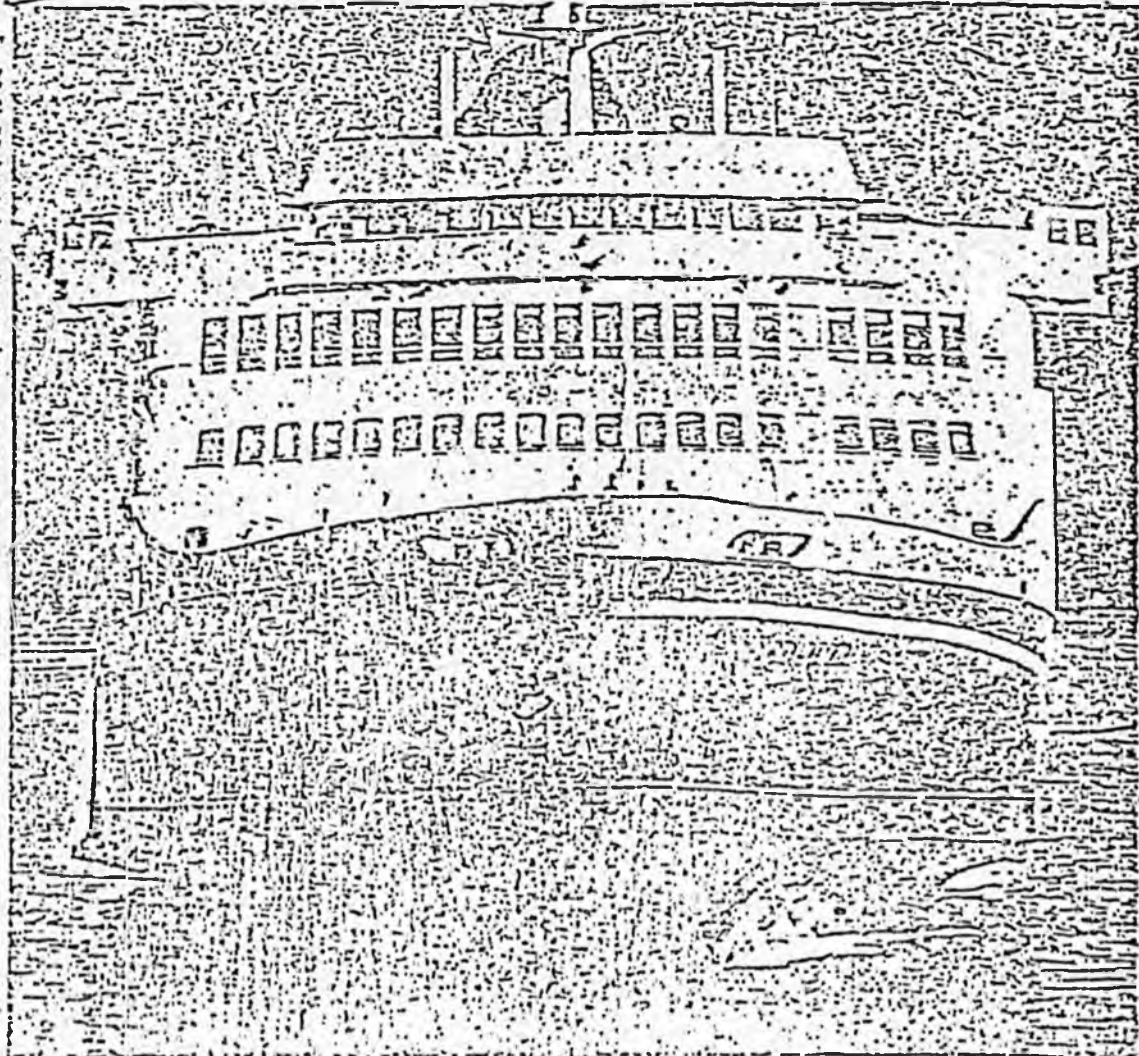
- Encouraging ferry workers to decertify Seattle based unions in favor of Alaska-based organizations.

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 a few 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 290 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.

9/25/81

Anch. T

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

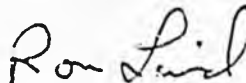
Honorable Bette M. Cato, Chairman
House Transportation Committee
State Capitol
Pouch V
Juneau, Alaska 99811

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

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.

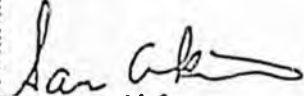
Last summer, our family had the distinct displeasure of traveling from Seattle to Juneau aboard the ferry system vessel MV Matanuska. I was embarrassed for all Alaskans to hear the comments about the voyage by visitors from out of state, and I was tremendously disappointed in the functioning of a group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

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 to 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. 1, 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.

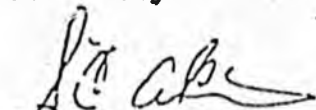
I have taken time to write this letter because I am deeply disturbed that the State of Alaska will tolerate attitudes of the kind we encountered among its employees, and particularly so in a group which represents much of the first impression visitors from outside will have of our State.

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/unloading 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

Alaska State Legislature



House of Representatives

Committee on Transportation

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

Rep. Bette Cato, Chairman

TO : Members of the House
Transportation Committee

FROM : Steven M. Soenksen A.A.

RE : HB 651 Marine Highway Authority
(Advisory Board)

DATE February 17, 1982

Based on the committee discussions today and from the previous hearings on the HB 651, I have prepared this information for Legal Services to draft a committee substitute bill. Legal services work schedule is such that they will not be able to prepare a draft until next Thursday, February 25. I will put in this memo the issues that need to be addressed in the draft for the committee's consideration. I want to stress at this point, that I am not an attorney and therefore not qualified to write statutory language. However, this should serve for committee discussion and for Legal Services to prepare a bill.

The draft should follow the HB 665 from 1978. The intent language in Chapter 1 of this bill, is current and appropriate.

"It is the purpose of this chapter to provide users of the state ferry system and the taxpayers of the state with a ferry service operated and managed as a public service for their benefit under a fair and reasonable tariff schedule, and to ensure that the Marine Highway System will be rendered equitably, economically and efficiently to all users. It is also the purpose of this chapter to make certain that the state ferry system is properly developed and operated, in coordination with other transportation modes and services, to assure the traveling public complete and dependable marine transportation services, and that the state ferry system is operated in the public interest."

Alaska Marine Highway Advisory Board.

There is created within the Department of Transportation and Public Facilities the Alaska Marine Highway Advisory Board.

Membership and Vacancies

The board consists of five members appointed by the governor. Members should be chosen from communities served by the Marine Highway System. Two of the members should be from South East, one member from South Central, one member from Western, and one member from the public at large. Members serve at the pleasure of the governor for five year terms. They must be residents of the state and qualified voters at the time of their appointment and shall comply with the requirements of AS 39.50 (conflict of interest). The members first appointed shall have terms of one, two, three, four and five years respectively. Each member shall hold office for the term of his/her appointment and until his/her successor has been appointed and qualified. A member is qualified for reappointment. A vacancy in a membership occurring other than by expiration of term shall be filled in the same manner as the original appointment but only for the unexpired term. Each member, before entering upon his duties, shall take and subscribe to an oath to perform the duties of his office faithfully, impartially and justly to the best of his ability. A record of the oath shall be filed with the Office of the Governor.

Compensation

The members of the board serve without compensation, but are entitled to travel and per diem expenses as provided in AS 39.20.180.

Officers, Meetings, Rules, and Quorum

The members shall elect one of their number as chairman. The board shall prescribe its own rules of procedure. It shall meet at a time and place determined by the chairman, and at other times and places as the chairman, or a majority of the board members, consider necessary. The powers of the board are vested in the members, and three members of the board constitute a quorum. Action may be taken and motions and resolutions adopted by the board at any meeting by the affirmative vote of at least three members. A vacancy in the membership of the board does not impair the right of a quorum to exercise all the powers and perform all the duties of the authority.

Director

The board shall appoint a director whose salary range shall be below a range 20 (or whatever range you'd want put in here).

Duties

The board shall make recommendations to the Department regarding the operation, including schedules and tariffs, management, and planning and construction of facilities, of the marine highway system. The department shall submit written comments on these recommendations. In addition to the comments, the department shall develop a plan of implementation of the recommendations. Should the department not plan to adopt a recommendation made by the board they shall provide options or

reasons why they would not plan to adopt the board's recommendation. The department, in the commissioner, shall respond within thirty days of receiving the board's recommendations. Before the convening of the Legislative session each year, the board shall submit to the governor and the legislature a comprehensive report describing the operations, recommendations made, and expenditures for the previous year.

The board shall hold public hearings to access the public's reactions to the operations of the marine highway system, including employee/customer relations, schedules. The board may make recommendations to include but not limited to the previously mentioned items regarding the operations, schedules, tariffs, management, planning and construction of facilities of the marine highway system. The board may also give recommendations as to labor relations and agreements with the appropriate marine unions.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Sec. 19.70.120 ANNUAL AUDIT Also by ^{Jan-15} March 1, records shall be checked by a CPA. Allows a legislative auditor access to these records at any time.

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

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

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

Sec. 19.70.160 DEFINITIONS should be self explanatory.

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

No other substantive changes have been made in this bill

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

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

CS HB 651

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

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

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

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

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

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

EXPENDITURES (Thousands of Dollars)

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

FUNDING (Thousands of Dollars)

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

POSITIONS

FULL TIME		22	22	22	22	22
PART TIME						
TEMPORARY						

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

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

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

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

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

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

- I. REQUEST
 Bill/Resolution No. CSHB 651 - Establishing the Alaska Marine
 Title Highway Authority
 Requested by House Transportation Date 3/26/82
- II. FISCAL DETAIL
 Agency Affected Department of Transportation & Public Facilities
 Program Category Affected Marine Transportation
 ERU, Program, Or Subprogram(s) Affected _____
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

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

FUNDING (Thousands of Dollars)

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

POSITIONS

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

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

Additions required to the Marine Transportation budget.

See attachments.

IV. DATE 3/31/82 PREPARED BY RON LIND
 AGENCY DOT/PF
 Original: Legislative Finance PHONE 415-3900
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)
 33-001 (Rev. 12/81)

III. ANALYSIS

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

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

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

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

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

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

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

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

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

598453

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STATE OF ALASKA
OFFICE OF THE GOVERNOR

BILL ANALYSIS

Department Transportation & Public Facilities	Sponsor (Principal) Representative Cato	Bill Number H3 68
Department Position Opposed		
Division Director Ron B. Lind, Deputy Commissioner	Date 2/9/83	Commissioner's Date

GOVERNOR'S OFFICE USE

Comments:		
<input type="checkbox"/> Position Noted	By	Date

SUMMARY

1. a) Related Bills (Similar or Conflicting)	1. b) Other Agencies Affected by Bill
2. a) Organizational Support for Bill	2. b) Organizational Opposition to Bill

3. Program Effects of Bill

Create "Authority" to run the Alaska Marine Highway.

4. Fiscal Impact: None Fiscal Note Attached

5. Amendments Proposed:

6. Comments:

Reduces operational control by Executive Branch.
Increases costs related to operations.

STATE OF ALASKA

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

OFFICE OF THE COMMISSIONER

BILL SHEFFIELD, GOVERNOR

(907) 465-3900

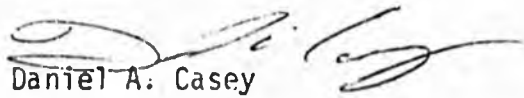
POUCH 2
JUNEAU, ALASKA 99811
(TELEX 45-328)

The Honorable Bette Cato
Chairman
House Transportation Committee
Alaska State Legislature
Pouch V
Juneau, AK 99811

Dear Representative Cato:

As requested by a member of your staff, we are providing the attached position paper on HB 68, "An Act relating to ferries and ferry terminals and establishing the Alaska Marine Highway Authority."

Sincerely,


Daniel A. Casey
Commissioner

Enclosure

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.