

COMMITTEE REPORT  
HOUSE

(11)

4/30/85

FURTHER:

Date: 5-7-85

The Committee on FINANCE has had CONF. 101

"An Act relating to the allocation of the portion of the consumption tax to the functions of the Finance Department."

under consideration and recommends:

- do pass  do not pass
- do pass with attached amendments(s)
- replace with CS for \_\_\_\_\_  same title  
 new title
- and recommends No Recommendation
- AND attaches a "Letter of Intent"  New Fiscal Note  
 Zero Fiscal Note Attached
- reports it back without recommendation
- referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

[Signature]

[Signature]

[Signature]

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

MEMBERS HAVING  
OTHER RECOMMENDATIONS:

[Signature]

[Signature]

[Signature]

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Acting CHAIRMAN

STATE OF ALASKA 1985 LEGISLATIVE SESSION  
FISCAL NOTE

Revision Date: \_\_\_\_\_

REQUEST

Bill/Resolution No.: SS for HB181  
 Title: An Act Relating to the relocation to Ketchikan of consumable warehousing functions of the AMHS.  
 Sponsor: Taylor, Sund and Goll  
 Requestor: Transportation and Finance  
 Date of Request: April 1, 1985

FISCAL DETAIL

Agency Affected: DOT & PF  
 Program Category Affected: Transportation  
 BRU, Program or Subprogram(s) Affected: Alaska Marine Highway System

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
<b>OPERATING</b>						
100 PERSONAL SERVICES						
200 TRAVEL		37.7				
300 CONTRACTUAL		30.0	31.8	33.7	35.7	37.9
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES		1,500.0				
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
<b>TOTAL OPERATING</b>		1,567.7	31.8	33.7	35.7	37.9
<b>CAPITAL</b>						
<b>REVENUE</b>						

FUNDING: (Thousands of Dollars)

GENERAL FUND	1,567.7	21.8	33.7	35.7	37.9
FEDERAL FUNDS					
OTHER					
<b>TOTAL</b>					

POSITIONS:

FULL-TIME	-0-				
PART-TIME	-0-				
TEMPORARY	-0-				

ANALYSIS: Attach a separate page if necessary

SEE ATTACHED

Prepared By: Joe DeCamp, Deputy Commissioner  
 Division: Alaska Marine Highway System

Phone: 465-3950  
 Date: 04/02/85

Approved by Commissioner: [Signature]  
 Agency: DOT&PF

Date: 4/5/85

Distribution (by Agency preparing fiscal note):  
 Legislative Finance  
 Legislative Sponsor  
 Requestor  
 Office of Management and Budget  
 Impacted Agency(ies)

7/1/84

## ANALYSIS

SS for HB 181

"An Act relating to the relocation to Ketchikan of consumable warehousing function of the Alaska Marine Highway System"

For the purposes of this analysis, it is assumed the number of positions being relocated to Ketchikan is four (4). It is assumed current employees would transfer resulting in relocation expense. It is also assumed that one time capital costs would be incurred to construct a new facility and that it would be located on the present state-owned Ketchikan Maintenance Facility site.

The following assumptions were made:

### A. The Cost of Moving Personnel

1. Employees moved had families, average size - four.
2. Employees moved had household goods to be moved, average three bedroom, 8,000 pounds. The average cost per move including straight transportation, cartons, packing, 30 days storage, warehouse handling, insurance and redelivery would be \$6,418.00 per employee.
3. As per collective bargaining agreements, employees would incur 15 days straight per diem at \$80.00 per day and dependents \$40.00. Each family - \$3,000.00. The expense related to relocation for employees would be \$12,000.00 one time costs.
4. Total one time employee relocation costs would be \$37,700.00.

### B. A new warehouse building would be constructed on the present State-owned Ketchikan Maintenance Facility site.

The capital costs for this new building would be \$1,500,000.00. If these funds are appropriated the facility design and preliminary engineering would require about 12 months, and construction an additional 12 months.

AMHS now occupies State-owned facilities and all costs are budgeted in DOT&PF S.E. Region. It is assumed annual maintenance and utility costs not now an expense to AMHS would have to be budgeted for and that annual cost would be \$30,000.00.

### D. Inflation factor is 6% per year.

Introduced: 3/29/85  
Referred: Transportation  
and Finance

BY TAYLOR, SUND AND  
GOLL

1 IN THE HOUSE

2 SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 181

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the relocation to Ketchikan of  
7 consumable warehousing functions of the Alaska marine  
8 highway system."

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

10 \* Section 1. RELOCATION OF ALASKA MARINE HIGHWAY SYSTEM WAREHOUSING TO  
11 KETCHIKAN. The commissioner of transportation and public facilities shall  
12 relocate to Ketchikan the consumable warehousing functions of the Alaska  
13 marine highway system.

14 \* Sec. 2. The provisions of sec. 1 of this Act do not affect a collec-  
15 tive bargaining agreement entered into on or before the effective date of  
16 this Act.



Dept. of Transportation & Public Facilities

# Position Paper

BILL NO: SSHB 181

APPROVED:

*R. J. Knapp*  
Commissioner  
4/3/85

TITLE: Relocation to Ketchikan of  
Consumable Warehousing Function of  
the Alaska Marine Highway System

---

DATE:

The Department of Transportation and Public Facilities supports moving the Alaska Marine Highway System consumable warehouse from Juneau to Ketchikan.

The current Juneau sub-port warehouse is inefficient, inadequate, in poor condition and needs to be replaced. An analysis of the current operation of our consumable warehousing revealed sound business and operational reasons to also relocate the consumable warehouse. It would be more efficient and cost effective to have this warehouse in a location closer to supply sources and eliminate the need for AMHS vans to take up valuable car deck space between Ketchikan and Juneau. Movement of these vans between Ketchikan and Juneau are estimated to displace between 60 and 80 vehicles total during the summer months with a loss of \$15,000 to \$20,000 in revenue foregone.

The transfer of the warehouse from Juneau to Ketchikan would not "Alaskanize" any jobs as the move of personnel would be within Alaska, nor would additional business be brought into Alaska by this move.

Introduced: 3/29/85  
Referred: Transportation  
and Finance

BY TAYLOR, SUND AND  
GOLL

1 IN THE HOUSE

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SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 181

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IN THE LEGISLATURE OF THE STATE OF ALASKA

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FOURTEENTH LEGISLATURE - FIRST SESSION

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STATE OF ALASKA 1985 LEGISLATIVE SESSION  
FISCAL NOTE

Revision Date: \_\_\_\_\_

REQUEST

Bill/Resolution No.: SS for HB181

Title: An Act Relating to the relocation to Ketchikan of consumable warehousing functions of the AMHS.

Sponsor: Taylor, Sund and Goll

Requestor: Transportation and Finance

Date of Request: April 1, 1985

FISCAL DETAIL

Agency Affected: DOT & PF

Program Category Affected: Transportation

BRU, Program or Subprogram(s) Affected: \_\_\_\_\_

Alaska Marine Highway System

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<b>CAPITAL</b>						
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<b>REVENUE</b>						
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FUNDING: (Thousands of Dollars)

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FEDERAL FUNDS					
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<b>TOTAL</b>					

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FULL-TIME	-0-				
PART-TIME	-0-				
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ANALYSIS: Attach a separate page if necessary

SEE ATTACHED

Prepared By: Joe DeCamp, Deputy Commissioner  
Division: Alaska Marine Highway System

Phone: 465-3950

Date: 04/02/85

Approved by Commissioner: *Wick*  
Agency: DOT&PF

Date: 4/5/85

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

7/1/84

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Dept. of Transportation & Public Facilities

# Position Paper

BILL NO: SSHB 181

APPROVED:

*R. J. Knapp*  
R. J. Knapp  
Commissioner  
4/3/85

TITLE: Relocation to Ketchikan of  
Consumable Warehousing Function of  
the Alaska Marine Highway System

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Introduced: 3/29/85  
Referred: Transportation  
and Finance

1 IN THE HOUSE

BY TAYLOR, SUND AND  
GOLL

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SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 181

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IN THE LEGISLATURE OF THE STATE OF ALASKA

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FOURTEENTH LEGISLATURE - FIRST SESSION

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A BILL

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tive bargaining agreement entered into on or before the effective date of

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this Act.

STATE OF ALASKA  
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

11/18/81  
POUCHY STATE CAPITOL  
JUNEAU ALASKA 99811  
907 465 3800

MEMORANDUM

April 17, 1985

SUBJECT: 1978 Transportation bond proceeds  
TO: Representative Robin Taylor  
FROM: Billy G. Berrier *BGB*  
Director  
Division of Legal Services

You have asked whether the funds from item 25 of Chapter 138, Session Laws of Alaska 1978 may be used for construction of marine highway system facilities in Ketchikan.

This Act authorized submission of a general obligation bond issue to the voters and the voters approved the issue. The particular item is listed under the heading "Marine" and reads:

(25) Region III - Southeast 3,076,000

The proceeds of the bonds were appropriated to the 1978 Transportation Facilities Construction Fund.

This Act is unusual in that instead of listing each project, its location, and the dollars to be allocated to the project as required by AS 24.30.037 it provided:

To the extent feasible, the proceeds of these bonds shall be allocated, notwithstanding the provisions of AS 24.30.037, by the governor in accordance with the following statewide list of projects and estimates.

The item you referred to is part of the list.

The question of whether this approach is legally proper is not material here since it has not been challenged and under the doctrine of laches could not be now challenged. I have no way of determining whether money which has not been spent or obligated remains. I am aware this arose from a request

Representative Robin Taylor  
April 17, 1985  
Page 2

in the Capital budget process for Administration -  
Warehouse building located in Juneau.

In my opinion if money remains available, the broad power to allocate the bond proceeds which the Act gives the Governor would allow the Governor to make the allocation you suggested. In the face of the general language used in the item as it appears in the act and the broad discretion granted the Governor the material used in the budget process would not control.

BGB:ojb  
J14/004

# BONDING PROPOSITION NO. 5

## HIGHWAY, FERRY, AIRPORT, LOCAL SERVICE ROADS AND TRAILS CONSTRUCTION, CONSTRUCTING AND EQUIPPING MAINTENANCE FACILITIES, AND PLANNING VARIOUS TRANSPORTATION PROJECTS

(Chapter 132, Session Laws of Alaska 1978)

Providing for the issuance of general obligation bonds in the amount of \$88,450,000 for the purpose of paying the cost of highway, ferry, airport, and local service roads and trail construction, for constructing and equipping maintenance facilities, and for planning various transportation projects; and providing for an effective date.

### BALLOT QUESTION:

Shall the State of Alaska issue its general obligation bonds in the principal amount of not more than \$88,450,000 for the purpose of paying the cost of highway, ferry, airport, local service roads and trails construction, constructing and equipping maintenance facilities, and planning various transportation projects?

Bonds Yes   
 Bonds No

### VOTE CAST BY MEMBERS OF 10TH STATE LEGISLATURE ON FINAL PASSAGE

Senate (20 members): Yeas 20 Nays 0 Absent or Not Voting 0  
 House (40 members): Yeas 35 Nays 1 Absent or Not Voting 4

### SUMMARY OF PROPOSITION

This proposal, if approved, would provide for the issuance of general obligation bonds of the State in the amount of \$88,450,000 to provide funding for highway, ferry, airport and local service roads and trails construction, for constructing and equipping certain transportation maintenance facilities, and for planning transportation projects. The funds would be allocated as follows:

Project	Location	Amount
(1) Planning, project planning and research	Statewide	\$ 4,801,800
(2) Aviation Projects:		
(A) Region I	Central	2,370,000
(B) Region II	Interior	910,000
(C) Region III	Southeast	475,000
(D) Region IV	Western	1,110,000
(E) Region V	Southcentral	250,000
(F) Statewide		1,285,000
(G) Airport development	Ruby	1,500,000
(3) Highways Projects:		
(A) Region I	Central	10,227,000
(B) Fairview Loop Road	Wasilla	1,500,000
(C) Mountain View Drive, Phase II	Anchorage	1,200,000
(D) Sidewalks	Bethel	150,000
(E) Sidewalks	Homer	150,000
(F) Pedestrian crossing, 6th and Muldoon	Anchorage	200,000
(G) Upgrade and paving of Eagle River North Road	Anchorage	1,200,000
(H) Sealcoating municipal streets and state highways	Anchorage	9,505,000
(I) Upgrade Eagle River South Road	Anchorage	375,000
(J) Region II	Interior	6,119,400
(K) Region III	Southeast	2,685,000
(L) Sidewalks	Wrangell	150,000
(M) Region IV	Western	1,524,000
(N) Region V	Southcentral	3,555,000
(O) Selawik River bridge	Selawik	2,500,000
(P) Local service roads and trails	Statewide, including specific allocations for Districts 2 and 4	15,500,000
(C) Safety programs	Statewide	3,400,300
(R) Special bridge replacement program	Statewide	1,631,500
(S) Abandoned motor vehicle program	Statewide	100,000
(4) Marine Projects:		
(A) Region III	Southeast	3,075,000
(B) Region V	Southcentral	24,000
(C) Statewide		1,100,000
(5) Maintenance Facilities:		
(A) Region I	Central	1,000,000
(B) Region II	Interior	1,459,700
(C) Region III	Southeast	1,524,000
(6) Facilities and equipment	Unorganized borough	5,000,000

— Summary prepared by Legislative Affairs Agency as required by law



LAWS OF ALASKA

1978

Source

FCCS HCS 0883 624

Chapter No.

138

State

AN ACT

Providing for the issuance of general obligation bonds in the amount of \$88,450,000 for the purpose of paying the cost of highway, ferry, airport, local service roads and trails construction, constructing and equipping maintenance facilities, and planning various transportation projects; and providing for an effective date.

11

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

\* Section 1. For the purpose of paying the cost of highway, ferry, airport, local service roads and trails construction, constructing and equipping maintenance facilities, and planning various transportation projects, general obligation bonds of the state in the principal amount of not more than \$88,450,000 shall be issued and sold. The full faith, credit and resources of the state are pledged to the payment of the principal of and interest and redemption premium, if any, on these bonds. These bonds shall be issued under the provisions of AS 37.15 as those provisions read at the time of issuance.

\* Sec. 2. (a) If the issuance of these bonds is authorized by the qualified voters of the state, a special fund of the state to be known as the "1978 Transportation Facilities Construction Fund" shall be established, to which shall be credited the proceeds of the sale of the bonds described in sec. 1 of this Act except for the accrued interest and premium. The amount of \$88,450,000 is appropriated from the "1978 Transportation Facilities Construction Fund" to the Department of Transportation and Public Facilities. To the extent feasible, the proceeds of these bonds shall be allocated, notwithstanding the provisions of AS 24.30.037, by the governor in accordance with the following statewide list of projects and estimates, except that of the local service roads and trails allocation \$2,500,000 shall be allocated in accordance with AS 19.30.131(d) to allocation district 2 and \$2,500,000 to allocation district 4:

- (1) Planning, Project planning and research - statewide \$ 4,501,800

Aviation

Chapter 138

(2)	Region I - Central	2,370,000
(3)	Region II - Interior	910,000
(4)	Region III - Southeast	475,000
(5)	Region IV - Western	1,110,000
(6)	Region V - Southcentral	250,000
(7)	Statewide	1,285,000
(8)	Airport development - Ruby	1,500,000

Highways

(9)	Region I - Central	10,227,000
(10)	Fairview Loop Road, Wasilla	1,500,000
(11)	Mountain View Drive - Phase II, Anchorage	1,200,000
(12)	Sidewalks, Bethel	150,000
(13)	Sidewalks, Homer	150,000
(14)	Pedestrian crossing, 6th and Muldoon, Anchorage	200,000
(15)	Upgrade/paving - Eagle River North Road	1,200,000
(16)	Sealcoating municipal streets and state highways - Anchorage	9,025,000
(17)	Upgrade Eagle River South Road	375,000
(18)	Region II - Interior	6,119,400
(19)	Region III - Southeast	2,645,200
(20)	Sidewalks, Wrangell	150,000
(21)	Region IV - Western	1,524,000
(22)	Region V - Southcentral	3,596,200
(23)	Selawik River bridge	2,500,000
(24)	Statewide	
	(A) Local service roads and trails	15,000,000
	(B) Safety programs	3,400,000
	(C) Special bridge replacement program	1,631,500
	(D) Abandoned motor vehicle program	120,000

Marine

(25)	Region III - Southeast	2,024,000
(26)	Region V - Southcentral	24,000
(27)	Statewide	1,100,000

Maintenance Facilities

(28)	Region I - Central	1,050,000
(29)	Region II - Interior	1,489,700
(30)	Region III - Southeast	1,374,500
(31)	Facilities and equipment in the Unorganized Borough	5,000,000

(b) Publication by the lieutenant governor of the allocations made in this section is sufficient to meet the requirements of AS 15.15.040.

\* Sec. 3. If the issuance of these bonds is authorized by the qualified voters of the state, the amount of \$310,000 or as much of that amount as is found necessary is appropriated from the general fund of the state to the state bond committee to carry out the provisions of this Act and to pay expenses incident to the sale and issuance of the bonds authorized in this Act. The amounts expended from the appropriation authorized by this section shall be reimbursed to the general fund from the proceeds of the sale of the bonds authorized by this Act.

\* Sec. 4. The amount withdrawn from the public facility

SAMPLE BALLOT

# OFFICIAL BONDING PROPOSITION BALLOT

STATE OF ALASKA  
NOVEMBER 7, 1978

Nº 059003

FOLD BALLOT TO THIS LINE

To Be Removed By Election Board

- Mark only with cross marks, "X" marks, checks or plus signs. Marks must be inside or touching square.
- Erasures and corrections shall invalidate only that part of the ballot in which they appear.
- A mark in the square opposite the word "YES" shall be recorded as a vote for the bond issue.
- A mark in the square opposite the word "NO" shall be recorded as a vote against the bond issue.
- If you spoil or mar your ballot, you may return it to the election judge and receive another ballot. Your spoiled ballot will be destroyed in your presence.

## BONDING PROPOSITION NO. 1 (CH. 95 SLA 1978)

STATE GENERAL OBLIGATION EROSION AND FLOOD CONTROL, PORT FACILITIES DEVELOPMENT, AND SMALL BOAT LANDINGS AND HARBORS PROJECTS BONDS \$33,290,000

BONDS - YES

BONDS - NO

Shall the State of Alaska issue its general obligation bonds in the principal amount of not more than \$33,290,000 for the purpose of paying the cost of erosion and flood control, port facilities development, and small boat landing and harbor projects?

## BONDING PROPOSITION NO. 2 (CH. 95 SLA 1978)

STATE GENERAL OBLIGATION RECREATIONAL FACILITIES CONSTRUCTION BONDS \$5,850,000

BONDS - YES

BONDS - NO

Shall the State of Alaska issue its general obligation bonds in the principal amount of not more than \$5,850,000 for the purpose of paying the cost of capital improvements to parks, waysides, trails, footpaths, and other recreational facilities?

## BONDING PROPOSITION NO. 3 (CH. 122 SLA 1978)

STATE GENERAL OBLIGATION HEALTH FACILITIES AND SENIOR CITIZEN CENTERS AND PIONEERS' HOMES CONSTRUCTION BONDS \$25,000,000

BONDS - YES

BONDS - NO

Shall the State of Alaska issue its general obligation bonds in the principal amount of not more than \$25,000,000 for the purpose of paying the cost of capital improvements for health facilities, senior citizen centers, and pioneers' homes?

## BONDING PROPOSITION NO. 4 (CH. 137 SLA 1978)

STATE GENERAL OBLIGATION EDUCATIONAL FACILITIES CONSTRUCTION BONDS \$33,656,000

BONDS - YES

BONDS - NO

Shall the State of Alaska issue its general obligation bonds in the principal amount of not more than \$33,656,000 for the purpose of paying the cost of capital improvements for the educational facilities for vocational education and the University of Alaska?

## BONDING PROPOSITION NO. 5 (CH. 133 SLA 1978)

STATE GENERAL OBLIGATION HIGHWAY, FERRY, AIRPORT, LOCAL SERVICE ROADS AND TRAILS CONSTRUCTION, CONSTRUCTING AND EQUIPPING MAINTENANCE FACILITIES, AND PLANNING VARIOUS TRANSPORTATION PROJECTS BONDS \$22,450,000

BONDS - YES

BONDS - NO

Shall the State of Alaska issue its general obligation bonds in the principal amount of not more than \$22,450,000 for the purpose of paying the cost of highway, ferry, airport, local service roads and trails construction, constructing and equipping maintenance facilities, and planning various transportation projects?

## BONDING PROPOSITION NO. 6 (CH. 139 SLA 1978)

STATE GENERAL OBLIGATION CORRECTIONAL AND PUBLIC SAFETY FACILITIES CONSTRUCTION BONDS \$30,504,000

BONDS - YES

Form 26 MUST BE COMPLETED AND ATTACHED TO EACH PROJECT'S PROJECT REQUEST

PROJECT NAME: Administration - Warehouse Building  
 OPERATING BUDGET (FUND): Administration  
 FUND: Bond 79-7  
 PROJECT STARTING DATE: FY 79  
 ESTIMATED DATE FACILITY IN USE BY: FY 80  
 TOTAL PROJECT COST: \$1,500.0  
 COUNTY: City and Borough of Juneau  
 AREA: unincorporated City and Borough of Juneau  
 DISTRICT: 4  
 PROJECT NUMBER: 25-77-4-09-00-00

OFFICE OF COST ESTIMATE: Division of Marine Transportation  
 DATE OF ESTIMATE: September 77

PROJECT TYPE	
NEW OR MAJOR CONSTRUCTION	YES
OFFICE IMPROVEMENT	NO

PROJECT PURPOSE: ...  
 Major Needs: ...  
 Improvement of ...  
 ...  
 Supplement Properly Authorized ...  
 Preliminary Feasibility of Cost Study

DESCRIPTION:  
 Construct a building of about 25,000 square feet to contain Administration office space, support services, and vessel supplies for the Division of Marine Highway System. Site to be selected in response to ongoing transportation planning efforts.

PROJECT EXPENDITURES	TOTAL	BUDGET YEAR	BUDGET YEAR PLUS 1	BUDGET YEAR PLUS 2	REMAINING COST
TOTAL ANNUAL EXPENDITURE (Capital Cost)	1,500.0	1,500.0			
LAND AND ENCLOSURE					
CONSTRUCTION					
EQUIPMENT					
OPERATING AND OTHER					
OPERATIONAL COST AND NO. PERSONNEL REPEATED FREQUENTLY	ULTIMATE ANNUAL	BUDGET YEAR	BUDGET YEAR PLUS 1	BUDGET YEAR PLUS 2	
ROAD					
WATER SUPPLY					
SEWER					
POWER					
TELEPHONE					
OTHER					
TOTAL OPERATIONAL COST	N/A				
EQUIVALENTS					

DEPARTMENT OF TRANSPORTATION  
 AGENCY: A.D. PUBLIC FACILITIES PROGRAM: MARINE - REGION III PRIORITY NO.: Bond 79-7

CAPITAL BUDGET

1

To consolidate and locate administrative and vessel support personnel closer to vessel operations.

Use the spaces using the four headings below in the order they appear. Expand upon each section as required. Report heading when completely response. Submit justification for project listed in first column of Form 27. Attach feasibility studies, reports, or other documentation available. Use Form 28 as continuation sheet.

I. DOCUMENTATION OF NEED (Cite quantitative and measurable need.)

III. DOCUMENTATION OF ESTIMATED CAPITAL COST (Discuss degree of reliability)

ANALYSIS OF IMPACT ON OPERATIONAL EXPENSE (Estimate and justify.)

IV. IDENTIFICATION OF ALTERNATIVES CONSIDERED (State why rejected.)

#### Documentation of Need:

All vessel supplies such as food, laundry, equipment, and mechanical supplies, etc. are warehoused at the Support Building in Juneau and administrative personnel are located in the Simpson Building in downtown Juneau. Separation of administrative and supply functions require many trips between offices to effect good coordination and supervision of supply function. The Support Building is difficult to operate from and presents significant travel time to the ferry terminal. Much of the System's vessel resupply is performed at Auke Bay because of operational difficulties experienced at the downtown terminal due to traffic congestion.

#### Analysis of Impact on Operational Expense:

Consolidation and location of administrative and support personnel in close proximity to a ferry terminal will increase operation efficiency and reduce vessel supply operational expense.

#### Documentation of Estimated Capital Cost:

Cost estimates were developed by the Division of Marine Highway Systems. The estimates are believed to be reasonable.

#### Identification of Alternatives Considered:

None. Continue to operate vessel supply operations out of the Support Building and service vessels principally at Auke Bay. Manage the ferry system from offices located at a downtown location separated from supply and support operations. While this situation is workable, it is not considered the most cost effective and best managerial approach.

DEPARTMENT OF TRANSPORTATION  
AND PUBLIC FACILITIES

PROGRAM

MAINE - REGION III

PRIORITY NO.

ES-179-7

Administrative Warehouse

# Alaska State Legislature

## COMMITTEES:

VICE-CHAIRMAN  
HEALTH, EDUCATION & SOCIAL SERVICES  
JUDICIARY

FINANCE SUB-COMMITTEE  
ON COURT SYSTEM

JOINT COMMITTEE ON  
FOREIGN TRADE



PO. BOX 1441  
WRANGELL, ALASKA 99929  
(907) 874-2316

Writing Bureau  
POUCH V  
JUNEAU, ALASKA 99811  
(907) 465-4905

## House of Representatives

ROBIN L. TAYLOR

May 6, 1985

### FISCAL NOTE

#### Sponsor Substitute for House Bill 181

#### I. Cost as submitted by Department of Transportation Fiscal Note:

A. Travel	\$ 37.7
B. Contractual	30.0
C. Land and structures	<u>1,500.0</u>

Total cost (\$1,567.7)

#### II. Reductions in cost not specified in Fiscal Note.

A. 1978 bond specified for Southeast and not yet obligated or expended.	\$1,500.0
*B. Revenue increase from ferry use	15.0
**C. Revenue increase from Dept. of Transportation for space rental from the old warehouse in Juneau 12,600 sq. ft. x 50¢ x 12 months	75.6
D. Reduction in contractual cost of trucking (money presently being spent to haul vans from Auke Bay to downtown and back)	<u>15.0</u>

Reduction in cost 1,605.6

NET SAVINGS 37.9

This bill would result in a net cash flow savings to the Marine Highway System and the Department of Transportation of at least \$37,900.

(Continued)

Page Two  
Fiscal Note for SSHB 181

\* Could be \$5,000 higher, we used the Department's lower estimate.

\*\*Could be much higher we used the most conservative estimate of space rental cost. The Department of Administration indicated that for dry and heated consummable warehousing space the cost would run between 75¢ and 90¢ per sq. ft. At 75¢ the old warehouse could be rented for \$113,400. At 90¢ the old warehouse could be rented for \$136,080.

HOUSE TRANSPORTATION  
STANDING COMMITTEE  
April 16, 1985  
7:00 a.m.

Members Present:            Representative Mike Davis, Vice-Chairman  
                             Representative Dick Shultz  
                             Representative Walt Furnace  
                             Representative Marco Pignalberi  
                             Representative Andre Marrou

Members Absent:            Representative Bette Cato, Chairman  
                             Representative Adelheid Herrmann

#### COMMITTEE CALENDAR

SSHB 181                    "An Act relating to the relocation to Ketchikan of  
certain offices, functions and employees of the Alaska Marine Highway  
System." Original sponsor: Representative Robin Taylor.

HR 5                        "Relating to designating Hyder, Alaska, as 'Mile  
0' of the Alaska-Yukon Highway." Original sponsor: Representative Robin  
Taylor.

#### WITNESS REGISTER

Representative Robin Taylor  
Alaska State Legislature  
Pouch V  
Juneau, AK 99811  
Mail Stop: 2100  
Telephone: (907) 465-4905  
Position Statement: As sponsors of both HB 181 and HR 5, he urged that  
they do pass.

Joe D. Camp, Deputy Commissioner  
Alaska Marine Highway System  
The Department of Transportation and Public Facilities  
1591 Glacier Avenue  
Juneau, AK 99811  
Mail Stop: 2505  
Telephone: (907) 465-3955  
Position Statement: Spoke in favor of SSHB 181.

Susan Fleischhauer, Legislative Liaison  
The Department of Transportation and Public Facilities  
3132 Channel Drive  
Pouch Z  
Juneau, AK 99811  
Mail Stop: 2500  
Telephone: (907) 465-3900

Position Statement: Observer

#### PREVIOUS ACTION

HB 181 Read the first time on 02/08/85. First heard in the Transportation Committee 03/26/85. Sponsor substitute introduced on 03/29/85.

HR 5 Read the first time on 02/22/85.

#### ACTION NARRATIVE

##### TAPE #34, SIDE ONE Recording

Number 005 Vice-Chairman Davis called the meeting to order at 7:06 and noted for the record the following members present: Representative Shultz, Representative Furnace, Representative Marrou, and Representative Davis. The vice-chairman brought before the committee Representative Taylor's SSHB 181, "An Act relating to the relocation to Ketchikan of consumable warehousing functions of the Alaska marine highway system." He called on Representative Taylor to come to the table and testify on the bill.

Number 029 Representative Taylor said that although he strongly supports the original bill, he believes the sponsor substitute would be a workable compromise. He gave background information on the Marine Highway System's vermin-infested and old warehouse for consumable goods located in Juneau. He also mentioned the inefficient system of running vans back and forth from Juneau to Auke Bay--a distance of fifteen miles.

He enumerated the many advantages to having a warehouse for consumable goods in Ketchikan. Having a warehouse in Ketchikan would free up deck space for the ferry which runs from Seattle to Skagway, would be far more efficient for unloading vans as the site of the warehouse is but a block away from the dock, and it would be in a better for inventory to have it located on Ketchikan's Marine Facility Site. He closed by commenting on the operating and maintenance costs listed in the fiscal note provided by the Department of Transportation and Public Facilities. He turned to Joe Camp, the deputy commissioner of the Marine Highway System, and asked the vice-chairman if Mr. Camp could join him at the table. Representative Davis called Mr. Camp to the table.

Number 057 Mr. Camp verified what Representative Taylor had said about the old warehouse in Juneau and called it an inefficient system. He argued that the Marine Highway System needs a new warehouse and although he had no objections to it being located in Ketchikan, he mentioned that he was going to be briefed in the afternoon on a study by the department on this issue.

Number 211 Let the record show that Representative Pignalberi came to the meeting.

Representative Davis asked about the cost of acquiring a site for the warehouses in Juneau. Mr. Camp said that the site, if approved, would be

at Auke Bay and would cost an additional \$600,000 to \$700,000. Representative Taylor contended that this was probably an underestimate for the site preparation could make it cost even more. Mr. Camp said that the \$600,000 would cover land fill, sewer, water, and utilities and that there is the possibility of working with the City and Borough of Juneau on the land fill.

Mr. Camp showed plans for warehousing facilities in Ketchikan and Juneau and agreed with Representative Taylor in that having the warehouse in Ketchikan would free up space on the ferry. The vans take up about 80 feet of space--enough space for 5 or 6 automobiles.

Number 297 Representative Pignalberi asked how this freeing up of space was reflected in the department's fiscal note. Mr. Camp replied that the savings was mentioned in the position paper and not in the fiscal note and added that the freeing up of space could bring in an additional revenue of \$15,000 to \$20,000.

Number 313 Representative Pignalberi asked about bonding money for building an administrative warehouse that was done in the past.

Mr. Camp: "There was money appropriated a few years ago, it was bond money to build a new administrative offices and warehouse."

Representative Pignalberi: "Is that the money that is being used to build this one?"

Mr. Camp: "No. Because we also need a new admin. warehouse."

Representative Taylor: "I thought it was about \$3 million..."

Mr. Camp: "It was a million and a half. It was about \$3 million, but there were other items involved in Marine Highway in that bonding: some small boat harbors and some other things that money has already been spent."

Representative Taylor: "So your department's intention right now is to use that--I thought it for an administrative office building and warehouse. There were two of them: a warehouse and an admin. building and now you are going to use it for the administration building."

Mr. Camp: "Unless we build them both in the same place. It would still take about \$3 million to build the two, the site preparation--according to the engineers...We don't have enough money to build both."

Number 361 Representative Pignalberi thought it curious that the department doesn't have the money to build both warehouses and yet the department's planning division has enough money to make the plans for them.

Representative Pignalberi: "I would like to know why we have \$1.5 or \$1.25 million for an admin. warehouse building that you are not using and yet..."

Mr. Camp: "We intend to use."

Representative Pignalberi: "But not for the Ketchikan facility?"

Mr. Camp: "No sir, it was appropriated for Juneau."

Representative Pignalberi: "Was it site-specific in the bond, was Juneau mentioned in the bond?"

Mr. Camp: "In the preliminary papers, the budget preparation went in, it was site-specific in Juneau. In the appropriation that came out, it was not site-specific and in the bond, it was not site-specific. My understanding of the law, if it is not site-specific in the natural legislation, you go back to the budget preparation."

Representative Pignalberi: "Could you use a new warehouse in Ketchikan? Could you spend this money in Ketchikan better than you can in Juneau?"

Mr. Camp: "I think so. The other problem I have, is that we are badly in need of a new administration building and to build the two, it's going to take \$3 million."

Number 391 Representative Davis: "...That's an administrative warehouse. That's different from this."

Mr. Camp: "When I say 'administration building and warehouse,' that was the original bond money--a million and a half, and I believe that was in 1978."

Representative Davis: "How long has that money been in the budget?"

Mr. Camp: "It was either '78 or '80 and I'm not sure which that that money came in."

Representative Davis: "You sure that it hasn't been grabbed yet?"

Mr. Camp: "I'm not. They've been grabbing an awful lot in the last two weeks."

Representative Davis asked Mr. Camp to find out what is left and to report back to the committee.

Representative Taylor responded that because the money is bonded money, it will be hard to track. Representative Taylor: "Once it has been bonded specific for a project, I don't think that we can pull it back."

Representative Davis: "No, we can't. If it's bonded, you're absolutely correct."

Representative Taylor commented how desperately the Marine Highway System needs new office space. Representative Taylor: "I still believe it's good business that the new administrative office should be built on the new site in Ketchikan where the majority of their work and business is on-going. There is also a desire to stay close to the seat of government. As a consequence, there's a strong feeling, I believe within the department, that they would like to stay right here next to the Capitol with their

admin. building. The difficulty is, they need both--an admin. building and a warehouse." He mentioned the problems with the old warehouse.

Representative Taylor: "I want to designate that at least some of those monies or new money if we have to get it, because I think that HB 181 falls directly within the bonded money that has already been authorized for the warehouse. And that's why I want that warehouse and that money to be applied down in Ketchikan and I've committed that if they'll do that, I'll work my tail off next year to get them some money for an admin. building up here."

Number 431 Representative Pignalberi: "I would like to get a determinative statement from DOT about whether or not that money from the 1978 bond can be used in Ketchikan...I think you [to Mr. Camp] ought to check with your AG's office or maybe somebody from the department; maybe the commissioner can make that statement without getting an AG's statement, but I would like to know if that money can be used in Ketchikan."

Representative Davis: "I would like to know if you can use that money to build your new administration building--that should be clarified, really."

Mr. Camp: "The original appropriation said 'administration building/warehouse.' If we built on one location, we can build under one roof."

Representative Pignalberi: "That would be cheaper, too. Why build two buildings?"

Number 457 Representative Marrou commented on the design of the warehouse. Mr. Camp commented on the cramped conditions of today's warehouse.

Number 471 Representative Shultz: "I was just wondering if we could pass the bill out with a letter along asking those questions and asking that those questions be addressed."

Representative Davis: "I would like to have those things, Joe, and have those things resolved so it can be included with the committee..."

Representative Taylor: "I can also get that from Legislative Counsel by just asking them the questions. We've had a difficult time--and that's not because of any problem with Joe, we've worked very closely with him and appreciate that. This money has been mentioned numerous different times, but we have never been able to find out where the money was authorized, by whom, or by what time. We're still looking for that bonded money. Maybe it is '78 and if so, we can certainly take a look at that and have Legislative Counsel inform and send a letter along with it. It's been a uniform feeling, Mr. Chairman, since we started this thing, that there was a bond issue and it was \$3 million or so. It had designated within an admin. warehouse, an administrative building warehouse and the concept had never been settled, as to where it was going to be, whether it would be two buildings, one building, whether it would be downtown Juneau or out at Auke Bay, whether it would be at Ketchikan because of the tremendous amount of money the state has now poured into that maintenance facility."

Number 500 Representative Marrou: "If the money was appropriated in 1978, where is it now?"

Mr. Camp: "I cannot answer that question...It hasn't been decided within the location for the location. I agree with Representative Taylor that for a number of good business and operational reasons, our headquarters should be located at a terminal. My preference is Auke Bay."

Representative Marrou asked why the extra revenue gained from unloading vans at Ketchikan instead of at Juneau was not included in the fiscal note. Mr. Camp mentioned that there was no column to indicate that particular figure.

Representative Marrou asked about the maintenance costs listed on the fiscal note.

Mr. Camp: "Currently, the building that we are in does not belong to the Marine Highway, it belongs to the Department of Transportation in another portion of the Department of Transportation funds. It doesn't come out of the Marine Highway budget. In Ketchikan, it would. And this is the maintenance and utilities."

Number 545 Representative Taylor: "I think that if we offset the revenue of probably no less than \$20,000. The \$20,000 is only figured on a plugged up load. It's not figured on loads that may not be completely plugged, but it would still be nice to have it available. There may still be some revenue generated even though the boat is not completely filled up.

"...I think the \$20,000 is a very conservative figure on revenue. In addition to that, which isn't shown as an offset, these are state dollars that are presently being spent in Juneau where the electric rate is comparable, where the rental of space is comparable if not more expensive than Ketchikan. As a consequence, that's not shown as an offset either because it's not quote, 'in their department.'

"I think we all realize that if that space is not utilized by these people, it's doubtful whether it will be utilized at all by the Department of Transportation whether they would have need for that 15,000 square feet of warehouse and space. As a consequence, I think that also would be shown as an offset out of state dollars. If we take both that space rental and the revenue, this bill should actually have a positive fiscal note on it."

Mr. Camp: "We pay no space rental, it's a state-owned building, currently."

Number 569 Representative Shultz moved to pass SSHB 181 out of committee with individual recommendations. Representative Davis repeated the motion and asked whether there were any objections. Being none, so ordered.

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Representative Davis then brought before the committee Representative Taylor's resolution entitled, "Relating to designating Hyder, Alaska, as 'Mile 0' of the Alaska-Yukon Highway." After Representative Taylor gave a brief background of the resolution and a map was consulted. Discussion ensued on the propriety of naming a two-mile road from Hyder, Alaska as

STATE OF ALASKA  
THE LEGISLATURE

POUCHY STATE CAPITOL  
JUNEAU ALASKA 99811  
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

April 17, 1985

SUBJECT: 1978 Transportation bond proceeds  
TO: Representative Robin Taylor  
FROM: Billy G. Berrier *BGB*  
Director  
Division of Legal Services

You have asked whether the funds from item 25 of Chapter 138, Session Laws of Alaska 1978 may be used for construction of marine highway system facilities in Ketchikan.

This Act authorized submission of a general obligation bond issue to the voters and the voters approved the issue. The particular item is listed under the heading "Marine" and reads:

(25) Region III - Southeast 3,076,000

The proceeds of the bonds were appropriated to the 1978 Transportation Facilities Construction Fund.

This Act is unusual in that instead of listing each project, its location, and the dollars to be allocated to the project as required by AS 24.30.037 it provided:

To the extent feasible, the proceeds of these bonds shall be allocated, notwithstanding the provisions of AS 24.30.037, by the governor in accordance with the following statewide list of projects and estimates.

The item you referred to is part of the list.

The question of whether this approach is legally proper is not material here since it has not been challenged and under the doctrine of laches could not be now challenged. I have no way of determining whether money which has not been spent or obligated remains. I am aware this arose from a request

Representative Robin Taylor  
April 17, 1985  
Page 2

in the Capital budget process for Administration -  
Warehouse building located in Juneau.

In my opinion if money remains available, the broad power to allocate the bond proceeds which the Act gives the Governor would allow the Governor to make the allocation you suggested. In the face of the general language used in the item as it appears in the act and the broad discretion granted the Governor the material used in the budget process would not control.

BGB:ojb  
J14/004

# BONDING PROPOSITION NO. 5

## HIGHWAY, FERRY, AIRPORT, LOCAL SERVICE ROADS AND TRAILS CONSTRUCTION, CONSTRUCTING AND EQUIPPING MAINTENANCE FACILITIES, AND PLANNING VARIOUS TRANSPORTATION PROJECTS

(Chapter 138, Session Laws of Alaska 1978)

Providing for the issuance of general obligation bonds in the amount of \$88,450,000 for the purpose of paying the cost of highway, ferry, airport, and local service roads and trail construction, for constructing and equipping maintenance facilities, and for planning various transportation projects; and providing for an effective date.

### BALLOT QUESTION:

Shall the State of Alaska Issue Its general obligation bonds in the principal amount of not more than \$88,450,000 for the purpose of paying the cost of highway, ferry, airport, local service roads and trails construction, constructing and equipping maintenance facilities, and planning various transportation projects?

Bonds Yes

Bonds No

### VOTE CAST BY MEMBERS OF 10TH STATE LEGISLATURE ON FINAL PASSAGE

Senate	(20 members):	Yeas <u>20</u>	Nays <u>0</u>	Absent or Not Voting <u>0</u>
House	(40 members):	Yeas <u>35</u>	Nays <u>1</u>	Absent or Not Voting <u>4</u>

### SUMMARY OF PROPOSITION

This proposal, if approved, would provide for the issuance of general obligation bonds of the State in the amount of \$88,450,000 to provide funding for highway, ferry, airport and local service roads and trails construction, for constructing and equipping certain transportation maintenance facilities, and for planning transportation projects. The funds would be allocated as follows:

Project	Location	Amount
(1) Planning, project planning and research	Statewide	\$ 4,601,600
(2) Aviation Projects:		
(A) Region I	Central	2,370,000
(B) Region II	Interior	910,000
(C) Region III	Southeast	475,000
(D) Region IV	Western	1,110,000
(E) Region V	Southcentral	250,000
(F) Statewide		1,265,000
(G) Airport development	Fuby	1,500,000
(3) Highways Projects:		
(A) Region I	Central	10,227,000
(B) Fairview Loop Road	Wasilla	1,500,000
(C) Mountain View Drive, Phase II	Anchorage	1,200,000
(D) Sidewalks	Bethel	150,000
(E) Sidewalks	Homer	150,000
(F) Pedestrian crossing, Eth and Muldoon	Anchorage	200,000
(G) Upgrade and paving of Eagle River North Road	Anchorage	1,200,000
(H) Sealcoating municipal streets and state highways	Anchorage	9,625,000
(I) Upgrade Eagle River South Road	Anchorage	375,000
(J) Region II	Interior	6,119,400
(K) Region III	Southeast	2,555,200
(L) Sidewalks	Wrangell	150,000
(M) Region IV	Western	1,524,000
(N) Region V	Southcentral	3,556,200
(O) Selawik River bridge	Selawik	2,500,000
(P) Local service roads and trails	Statewide, including specific allocations for Districts 2 and 4	15,800,000
(Q) Safety programs	Statewide	3,400,300
(R) Special bridge replacement program	Statewide	1,631,500
(S) Abandoned motor vehicle program	Statewide	120,000
(4) Marine Projects:		
(A) Region III	Southeast	3,076,000
(B) Region V	Southcentral	24,000
(C) Statewide		1,100,000
(5) Maintenance Facilities:		
(A) Region I	Central	1,050,000
(B) Region II	Interior	1,459,700
(C) Region III	Southeast	1,574,900
(6) Facilities and equipment	Unorganized borough	5,000,000



# LAWS OF ALASKA

1978

Source

FCCS HCS CSSS 624

Chapter No.

138

State

AN ACT

Providing for the issuance of general obligation bonds in the amount of \$88,450,000 for the purpose of paying the cost of highway, ferry, airport, local service roads and trails construction, constructing and equipping maintenance facilities, and planning various transportation projects; and providing for an effective date.

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

\* Section 1. For the purpose of paying the cost of highway, ferry, airport, local service roads and trails construction, constructing and equipping maintenance facilities, and planning various transportation projects, general obligation bonds of the state in the principal amount of not more than \$88,450,000 shall be issued and sold. The full faith, credit and resources of the state are pledged to the payment of the principal of and interest and redemption premium, if any, on these bonds. These bonds shall be issued under the provisions of AS 37.15 as those provisions read at the time of issuance.

\* Sec. 2. (a) If the issuance of these bonds is authorized by the qualified voters of the state, a special fund of the state to be known as the "1978 Transportation Facilities Construction Fund" shall be established, to which shall be credited the proceeds of the sale of the bonds described in sec. 1 of this Act except for the accrued interest and premiums. The amount of \$88,450,000 is appropriated from the "1978 Transportation Facilities Construction Fund" to the Department of Transportation and Public Facilities. To the extent feasible, the proceeds of these bonds shall be allocated, notwithstanding the provisions of AS 24.30.037, by the governor in accordance with the following statewide list of projects and estimates, except that of the local service roads and trails allocation \$2,500,000 shall be allocated in accordance with AS 19.30.131(d) to allocation district 2 and \$2,500,000 to allocation district 4:

(1) Planning, Project planning and research - statewide

\$ 4,601,600

Aviation

Chapter 136

(2)	Region I - Central	2,370,000
(3)	Region II - Interior	910,000
(4)	Region III - Southeast	475,000
(5)	Region IV - Western	1,110,000
(6)	Region V - Southcentral	250,000
(7)	Statewide	1,285,000
(8)	Airport development - Ruby	1,500,000

Highways

(9)	Region I - Central	10,227,000
(10)	Fairview Loop Road, Wasilla	1,500,000
(11)	Mountain View Drive - Phase II, Anchorage	1,200,000
(12)	Sidewalks, Bethel	150,000
(13)	Sidewalks, Homer	150,000
(14)	Pedestrian crossing, 6th and Muldoon, Anchorage	200,000
(15)	Upgrade/paving - Eagle River North Road	1,200,000
(16)	Sealcoating municipal streets and state highways - Anchorage	9,625,000
(17)	Upgrade Eagle River South Road	375,000
(18)	Region II - Interior	6,119,400
(19)	Region III - Southeast	2,865,200
(20)	Sidewalks, Wrangell	150,000
(21)	Region IV - Western	1,524,000
(22)	Region V - Southcentral	3,596,200
(23)	Selawik River bridge	2,500,000
(24)	Statewide	
(A)	Local service roads and trails	15,900,000
(B)	Safety programs	3,400,000
(C)	Special bridge replacement program	1,631,500
(D)	Abandoned motor vehicle program	120,000

Marine

(25)	Region III - Southeast	1,076,000
(26)	Region V - Southcentral	24,000
(27)	Statewide	1,100,000

Maintenance Facilities

(28)	Region I - Central	1,050,000
(29)	Region II - Interior	1,489,700
(30)	Region III - Southeast	1,574,500
(31)	Facilities and equipment in the Unorganized Borough	5,000,000

(b) Publication by the lieutenant governor of the allocations made in this section is sufficient to meet the requirements of AS 15.15.040.

\* Sec. 3. If the issuance of these bonds is authorized by the qualified voters of the state, the amount of \$310,000 or as much of that amount as is found necessary is appropriated from the general fund of the state to the state bond committee to carry out the provisions of this Act and to pay expenses incident to the sale and issuance of the bonds authorized in this Act. The amounts expended from the appropriation authorized by this section shall be reimbursed to the general fund from the proceeds of the sale of the bonds authorized by this Act.

\* Sec. 4. The amount withdrawn from the public facility

SAMPLE DALLU  
OFFICIAL BONDING PROPOSITION BALLOT

STATE OF ALASKA  
NOVEMBER 7, 1978

N<sup>o</sup> 059003

FOLD BALLOT TO THIS LINE

To Be Removed By Election Board

- Mark only with cross marks, "X" marks, checks or plus signs. Marks must be inside or touching square.
- Erasures and corrections shall invalidate only that part of the ballot in which they appear.
- A mark in the square opposite the word "YES" shall be recorded as a vote for the bond issue.
- A mark in the square opposite the work "NO" shall be recorded as a vote against the bond issue.
- If you spoil or mar your ballot, you may return it to the election judge and receive another ballot. Your spoiled ballot will be destroyed in your presence.

BONDING PROPOSITION NO. 1 (CH. 95 SLA 1978)

STATE GENERAL OBLIGATION EROSION AND FLOOD CONTROL,  
PORT FACILITIES DEVELOPMENT, AND SMALL BOAT LANDINGS  
AND HARBORS PROJECTS BONDS \$33,290,000

BONDS - YES

Shall the State of Alaska issue its general obligation bonds in the principal amount of not more than \$33,290,000 for the purpose of paying the cost of erosion and flood control, port facilities development, and small boat landing and harbor projects?

BONDS - NO

BONDING PROPOSITION NO. 2 (CH. 95 SLA 1978)

STATE GENERAL OBLIGATION RECREATIONAL FACILITIES CON-  
STRUCTION BONDS \$5,850,000

BONDS - YES

Shall the State of Alaska issue its general obligation bonds in the principal amount of not more than \$5,850,000 for the purpose of paying the cost of capital improvements to parks, waysides, trails, footpaths, and other recreational facilities?

BONDS - NO

BONDING PROPOSITION NO. 3 (CH. 122 SLA 1978)

STATE GENERAL OBLIGATION HEALTH FACILITIES AND SENIOR  
CITIZEN CENTERS AND PIONEERS' HOMES CONSTRUCTION  
BONDS \$25,000,000

BONDS - YES

Shall the State of Alaska issue its general obligation bonds in the principal amount of not more than \$25,000,000 for the purpose of paying the cost of capital improvements for health facilities, senior citizen centers, and pioneers' homes?

BONDS - NO

BONDING PROPOSITION NO. 4 (CH. 137 SLA 1978)

STATE GENERAL OBLIGATION EDUCATIONAL FACILITIES CON-  
STRUCTION BONDS \$33,656,000

BONDS - YES

Shall the State of Alaska issue its general obligation bonds in the principal amount of not more than \$33,656,000 for the purpose of paying the cost of capital improvements for the educational facilities for vocational education and the University of Alaska?

BONDS - NO

BONDING PROPOSITION NO. 5 (CH. 138 SLA 1978)

STATE GENERAL OBLIGATION HIGHWAY, FERRY, AIRPORT,  
LOCAL SERVICE ROADS AND TRAILS CONSTRUCTION, CON-  
STRUCTING AND EQUIPPING MAINTENANCE FACILITIES, AND  
PLANNING VARIOUS TRANSPORTATION PROJECTS BONDS  
\$88,450,000

BONDS - YES

Shall the State of Alaska issue its general obligation bonds in the principal amount of not more than \$88,450,000 for the purpose of paying the cost of highway, ferry, airport, local service roads and trails construction, constructing and equipping maintenance facilities, and planning various transportation projects?

BONDS - NO

BONDING PROPOSITION NO. 6 (CH. 139 SLA 1978)

STATE GENERAL OBLIGATION CORRECTIONAL AND PUBLIC  
SAFETY FACILITIES CONSTRUCTION BONDS \$30,504,000

BONDS - YES

Form 26 MUST BE COMPLETED AND ATTACHED TO EACH PROPOSED PROJECT REQUEST

AGENCY Administration - Warehouse Building	OPERATING PROJECT NUMBER Administration	NAME Administration	NUMBER 25-02-1-09-00-00
LOCALITY Road 79-7	PROJECT STARTING DATE FY 79	ESTIMATED DATE FACILITY IN USE BY FY 80	TOTAL PROJECT COST \$1,500.0
LOCATION(S) City and Borough of Juneau	AREA served City and Borough of Juneau	PLANNING DISTRICT	

RANGE OF COST ESTIMATE: Division of Marine Transportation      DATE OF ESTIMATE: September 77

DESCRIPTION  
Construct a building of about 25,000 square feet to contain Administration office space, support services, and vessel supplies for the Division of Marine Highway Systems. Site to be selected in response to ongoing transportation planning effort.

PROJECT TYPE	
NEW CONSTRUCTION	<input checked="" type="checkbox"/> YES
OTHER IMPROVEMENT	<input type="checkbox"/> YES

- PROJECT FUNDS:  FEDERAL
- Major Maintenance:  YES
- Improvement of Existing:  YES
- Acquisition of the land:  YES
- New Program or Service Accountant:  YES
- Supplement Previously Authorized:  YES

Preliminary Feasibility of Cost Estimate: <input type="checkbox"/> YES
Other: <input type="checkbox"/> YES
APPROPRIATION REQUEST
Federal Funds: <input type="checkbox"/> YES
Revised Central Fund Allocation: <input type="checkbox"/> YES
Other Central Fund: <input type="checkbox"/> YES
C. D. Bond: <input type="checkbox"/> YES
ADFA Bond: <input type="checkbox"/> YES
Intra-Agency Transfer: <input type="checkbox"/> YES
Other: <input type="checkbox"/> YES
TOTAL

PROJECT EXPENDITURES	TOTAL	BUDGET YEAR	BUDGET YEAR	REMAINING
		PLUS 1	PLUS 2	COST
TOTAL ANNUAL EXPENDITURE (Capital Cost)	1,500.0	1,500.0		
ADMIN AND ENGINEERING				
CONSTRUCTION				
EQUIPMENT				
OPERATION AND OTHER				
UNIT ANNUAL COST AND NO. PERSONNEL (LEASE REQUIRED)	ULTIMATE ANNUAL	BUDGET YEAR	BUDGET YEAR	
		PLUS 1	PLUS 2	
ROAD				
BOAT				
OTHER SOURCE				
GENERAL FUND				
TOTAL ANNUAL OPERATIONAL COST	NA			
FULL-TIME EQUIVALENTS				

DEPARTMENT OF TRANSPORTATION      PROGRAM: MARINE - REGION III      PRIORITY NO.: Road 79-7

CAPITAL BUDGET



# Alaska State Legislature

## COMMITTEES:

VICE-CHAIRMAN  
HEALTH, EDUCATION & SOCIAL SERVICES

JUDICIARY

FINANCE SUB-COMMITTEE  
ON COURT SYSTEM

JOINT COMMITTEE ON  
FOREIGN TRADE



PO. BOX 1441  
WRANGELL, ALASKA 99929  
(907) 874-2316

White Junction  
POUCH V  
JUNEAU, ALASKA 99811  
(907) 465-4905

## House of Representatives

ROBIN L. TAYLOR

Richard J. Knapp, Commissioner  
Department of Transportation  
Pouch Z  
Juneau, Alaska 99811

April 19, 1985

Dear Commissioner Knapp:

As you know, I introduced SSHB 181 which would relocate to Ketchikan functions of consumable warehousing. I have received the fiscal note prepared by your department and have noted some changes that need to be made.

First, an amount equal to approximately \$20,000 in revenues from the increased efficiency and space made available should be included on the fiscal note. Secondly, under contractual services you have \$30,000 planned. I understand from Joe Camp that this amount included amounts for labor and equipment under contracts to drive the trucks to and from the downtown warehouse. Since our employees will be driving those trucks only on state property, there will be no need to spend \$30,000, it should be eliminated. Finally, I would like to see included under the funding section a reflection of the funding available in the 1978 bond, which allocated \$1.5 million for a warehouse in the southeast region.


With these changes I expect the fiscal note to reflect an amount that would be not more than the initial estimates of moving employees. Through the utilization of previously appropriated funds and reduction in costs the fiscal note should reflect only the costs of moving people to Ketchikan and also the cost of utilities which are now being paid by another department. For your information, I have enclosed a copy of a legal opinion I received from Billy Berrier, Director of the Division of Legal Services regarding the use of those bonded funds for Ketchikan.

Your prompt attention to this matter Commissioner, will be most appreciated. Timeliness in the final days of this session is crucial if we are to move forward with this legislation.

Page Two  
Commissioner Knapp  
April 19, 1985

If you have any questions, please don't hesitate to call  
me at 465-4905.

Sincerely,



Robin L. Taylor  
Representative

Enclosure

c: Rep. Al Adams,  
Chairman, House Finance

STATE OF ALASKA 1985 LEGISLATIVE SESSION  
FISCAL NOTE

Revision Date: \_\_\_\_\_

REQUEST

Bill/Resolution No.: SS for HB181  
 Title: An Act Relating to the relocation to Ketchikan of consumable warehousing functions of the AMHS.  
 Sponsor: Taylor, Sund and Goll  
 Requestor: Transportation and Finance  
 Date of Request: April 1, 1985

FISCAL DETAIL

Agency Affected: DOT & PF  
 Program Category Affected: Transportation  
 BRU, Program or Subprogram(s) Affected: Alaska Marine Highway System

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
<b>OPERATING</b>						
100 PERSONAL SERVICES						
200 TRAVEL		37.7				
300 CONTRACTUAL		30.0	31.8	33.7	35.7	37.9
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES		1,500.0				
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
<b>TOTAL OPERATING</b>		<b>1,567.7</b>	<b>31.8</b>	<b>33.7</b>	<b>35.7</b>	<b>37.9</b>

<b>CAPITAL</b>						
----------------	--	--	--	--	--	--

<b>REVENUE</b>						
----------------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
<b>GENERAL FUND</b>		1,557.7	21.8	33.7	35.7	37.9
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>						

POSITIONS:

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
FULL-TIME		-0-				
PART-TIME		-0-				
TEMPORARY		-0-				

ANALYSIS: Attach a separate page if necessary

SEE ATTACHED

Prepared By: Joe D. Camp, Deputy Commissioner  
 Division: Alaska Marine Highway System

Phone: 465-3950  
 Date: 04/02/85

Approved by Commissioner: *Wick May Jr.*  
 Agency: DOT&PF

Date: 4/5/85

Distribution (by Agency preparing fiscal note):  
 Legislative Finance  
 Legislative Sponsor  
 Requestor  
 Office of Management and Budget  
 Impacted Agency(ies)

## ANALYSIS

SS for HB 181

"An Act relating to the relocation to Ketchikan of consumable warehousing function of the Alaska Marine Highway System"

For the purposes of this analysis, it is assumed the number of positions being relocated to Ketchikan is four (4). It is assumed current employees would transfer resulting in relocation expense. It is also assumed that one time capital costs would be incurred to construct a new facility and that it would be located on the present state-owned Ketchikan Maintenance Facility site.

The following assumptions were made:

### A. The Cost of Moving Personnel

1. Employees moved had families, average size - four.
2. Employees moved had household goods to be moved, average three bedroom, 8,000 pounds. The average cost per move including straight transportation, cartons, packing, 30 days storage, warehouse handling, insurance and redelivery would be \$6,418.00 per employee.
3. As per collective bargaining agreements, employees would incur 15 days straight per diem at \$80.00 per day and dependents \$40.00. Each family - \$3,000.00. The expense related to relocation for employees would be \$12,000.00 one time costs.
4. Total one time employee relocation costs would be \$37,700.00.

### B. A new warehouse building would be constructed on the present State-owned Ketchikan Maintenance Facility site.

The capital costs for this new building would be \$1,500,000.00. If these funds are appropriated the facility design and preliminary engineering would require about 12 months, and construction an additional 12 months.

AMHS now occupies State-owned facilities and all costs are budgeted in DOT&PF S.E. Region. It is assumed annual maintenance and utility costs not now an expense to AMHS would have to be budgeted for and that annual cost would be \$30,000.00.

### D. Inflation factor is 6% per year.

STATE OF ALASKA 1985 LEGISLATIVE SESSION  
FISCAL NOTE

Revision Date: \_\_\_\_\_

**REQUEST**

Bill/Resolution No.: SS for HB181  
 Title: An Act Relating to the relocation to Ketchikan of consumable warehousing functions of the AMHS.  
 Sponsor: Taylor, Sund and Goll  
 Requestor: Transportation and Finance  
 Date of Request: April 1, 1985

**FISCAL DETAIL**

Agency Affected: DOT & PF  
 Program Category Affected: Transportation  
 BRU, Program or Subprogram(s) Affected: Alaska Marine Highway System

**EXPENDITURES/REVENUES: (Thousands of Dollars)**

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
<b>OPERATING</b>						
100 PERSONAL SERVICES						
200 TRAVEL		37.7				
300 CONTRACTUAL		30.0	31.8	33.7	35.7	37.9
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES		1,500.0				
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
<b>TOTAL OPERATING</b>		1,567.7	31.8	33.7	35.7	37.9
<b>CAPITAL</b>						
<b>REVENUE</b>						

**FUNDING: (Thousands of Dollars)**

GENERAL FUND	1,567.7	21.8	33.7	35.7	37.9
FEDERAL FUNDS					
OTHER					
<b>TOTAL</b>					

**POSITIONS:**

FULL-TIME	-0-				
PART-TIME	-0-				
TEMPORARY	-0-				

**ANALYSIS:** Attach a separate page if necessary

SEE ATTACHED

Prepared By: Joe DeCamp, Deputy Commissioner Phone: 465-3950  
 Division: Alaska Marine Highway System Date: 04/02/85  
 Approved by Commissioner: [Signature] Date: 4/5/85  
 Agency: DOT&PF

Distribution (by Agency preparing fiscal note):  
 Legislative Finance  
 Legislative Sponsor  
 Requestor  
 Office of Management and Budget  
 Impacted Agency(ies)

7/1/84

## ANALYSIS

SS for HB 181

"An Act relating to the relocation to Ketchikan of consumable warehousing function of the Alaska Marine Highway System"

For the purposes of this analysis, it is assumed the number of positions being relocated to Ketchikan is four (4). It is assumed current employees would transfer resulting in relocation expense. It is also assumed that one time capital costs would be incurred to construct a new facility and that it would be located on the present state-owned Ketchikan Maintenance Facility site.

The following assumptions were made:

### A. The Cost of Moving Personnel

1. Employees moved had families, average size - four.
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3. As per collective bargaining agreements, employees would incur 15 days straight per diem at \$80.00 per day and dependents \$40.00. Each family - \$3,000.00. The expense related to relocation for employees would be \$12,000.00 one time costs.
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The capital costs for this new building would be \$1,500,000.00. If these funds are appropriated the facility design and preliminary engineering would require about 12 months, and construction an additional 12 months.

AMHS now occupies State-owned facilities and all costs are budgeted in DOT&PF S.E. Region. It is assumed annual maintenance and utility costs not now an expense to AMHS would have to be budgeted for and that annual cost would be \$30,000.00.

### D. Inflation factor is 6% per year.



Dept. of Transportation & Public Facilities

# Position Paper

BILL NO: SSHB 181

APPROVED:

*R. J. Knapp*  
R. J. Knapp  
Commissioner  
4/3/85

TITLE: Relocation to Ketchikan of  
Consumable Warehousing Function of  
the Alaska Marine Highway System

DATE:

The Department of Transportation and Public Facilities supports moving the Alaska Marine Highway System consumable warehouse from Juneau to Ketchikan.

The current Juneau sub-port warehouse is inefficient, inadequate, in poor condition and needs to be replaced. An analysis of the current operation of our consumable warehousing revealed sound business and operational reasons to also relocate the consumable warehouse. It would be more efficient and cost effective to have this warehouse in a location closer to supply sources and eliminate the need for AMHS vans to take up valuable car deck space between Ketchikan and Juneau. Movement of these vans between Ketchikan and Juneau are estimated to displace between 60 and 80 vehicles total during the summer months with a loss of \$15,000 to \$20,000 in revenue foregone.

The transfer of the warehouse from Juneau to Ketchikan would not "Alaskanize" any jobs as the move of personnel would be within Alaska, nor would additional business be brought into Alaska by this move.

# Alaska State Legislature

## COMMITTEES:

VICE-CHAIRMAN  
HEALTH, EDUCATION & SOCIAL SERVICES

JUDICIARY

FINANCE SUB-COMMITTEE  
ON COURT SYSTEM

JOINT COMMITTEE ON  
FOREIGN TRADE



*Low*  
*FBI*

P.O. BOX 1441  
WRANGELL, ALASKA 99929  
(907) 874-2316

Write in Juneau  
POUCH V  
JUNEAU, ALASKA 99811  
(907) 465-4905

## House of Representatives

ROBIN L. TAYLOR

Richard J. Knapp, Commissioner  
Department of Transportation  
Pouch Z  
Juneau, Alaska 99811

April 19, 1985

Dear Commissioner Knapp:

As you know, I introduced SSHB 181 which would relocate to Ketchikan functions of consumable warehousing. I have received the fiscal note prepared by your department and have noted some changes that need to be made.

First, an amount equal to approximately \$20,000 in revenues from the increased efficiency and space made available should be included on the fiscal note. Secondly, under contractual services you have \$30,000 planned. I understand from Joe Camp that this amount included amounts for labor and equipment under contracts to drive the trucks to and from the downtown warehouse. Since our employees will be driving those trucks only on state property, there will be no need to spend \$30,000, it should be eliminated. Finally, I would like to see included under the funding section a reflection of the funding available in the 1978 bond, which allocated \$1.5 million for a warehouse in the southeast region.

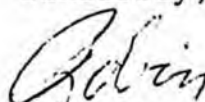
With these changes I expect the fiscal note to reflect an amount that would be not more than the initial estimates of moving employees. Through the utilization of previously appropriated funds and reduction in costs the fiscal note should reflect only the costs of moving people to Ketchikan and also the cost of utilities which are now being paid by another department. For your information, I have enclosed a copy of a legal opinion I received from Billy Berrier, Director of the Division of Legal Services regarding the use of those bonded funds for Ketchikan.

Your prompt attention to this matter Commissioner, will be most appreciated. Timeliness in the final days of this session is crucial if we are to move forward with this legislation.

Page Two  
Commissioner Knapp  
April 19, 1985

If you have any questions, please don't hesitate to call  
me at 465-4905.

Sincerely,



Robin L. Taylor  
Representative

Enclosure

c: Rep. Al Adams,  
Chairman, House Finance

Introduced: 3/29/85  
Referred: Transportation  
and Finance

BY TAYLOR, SUND AND  
GOLL

1 IN THE HOUSE

2

SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 181

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to the relocation to Ketchikan of  
7 consumable warehousing functions of the Alaska marine  
8 highway system."

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

10 \* Section 1. RELOCATION OF ALASKA MARINE HIGHWAY SYSTEM WAREHOUSING TO  
11 KETCHIKAN. The commissioner of transportation and public facilities shall  
12 relocate to Ketchikan the consumable warehousing functions of the Alaska  
13 marine highway system.

14 \* Sec. 2. The provisions of sec. 1 of this Act do not affect a collec-  
15 tive bargaining agreement entered into on or before the effective date of  
16 this Act.

HOUSE  
COMMITTEE REPORT

(11)

Date referred: 3/19/86

FURTHER REFERRALS:

DATE: 4-7-86

The FINANCE Committee has considered 2d SSB 181

"An Act relating to the maintenance of vessels of the Alaska marine highway system.

and recommends:

- do pass
- do not pass
- do pass with attached amendment(s)
- no recommendation
- replace with CS for 2<sup>d</sup> SS HB 181 (FIN)  same title
- do pass  new title

and recommends do pass

further referral to the \_\_\_\_\_ Committee

- and attaches:
- letter of intent
  - first fiscal note
  - new fiscal note
  - zero fiscal note (indeterminate amount 557)

SIGNING DO PASS:

SIGNING OTHER RECOMMENDATIONS:

Albert Adams

John B. ...

Mike ... ALASKA jobs and more jobs?

Ronald ...

Karl ...

John ...

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

For ... NO REC

Steve ... No Recommendation

Frank ... NO REC.

John ... DO NOT PASS

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Albert Adams  
Chairman

**STATE OF ALASKA 1986 LEGISLATIVE SESSION  
FISCAL NOTE**

Revision Date: \_\_\_\_\_

**REQUEST**

Bill/Resolution No.: CS for 2d Sponsor Sub.  
Title: "...maintenance of vessels of  
the Alaska Marine Highway System."

Sponsor: Taylor, Sund and Goll  
Requestor: \_\_\_\_\_  
Date of Request: \_\_\_\_\_

**FISCAL DETAIL**

Agency Affected: DOT&PF - AMHS  
BRU: Marine Operations

Components: 1) SE Vessels Operations  
and Overhaul 2) SW Vessels Operations  
and Overhaul.

**EXPENDITURES/REVENUES : (Thousands of Dollars)**

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	/	/	/	/	/	/

CAPITAL	/	/	/	/	/	/
---------	---	---	---	---	---	---

REVENUE						
---------	--	--	--	--	--	--

**FUNDING : (Thousands of Dollars)**

GENERAL FUND	/	/	/	/	/	/
FEDERAL FUNDS	/	/	/	/	/	/
OTHER	/	/	/	/	/	/
TOTAL	/	/	/	/	/	/

**POSITIONS :**

FULL-TIME						
PART-TIME						
TEMPORARY						

**ANALYSIS :** Attach a separate page if necessary

See attached.

Prepared by: Joe D. Camp, Deputy Commissioner  
Division: Alaska Marine Highway System

Phone: 465-3950  
Date: 3/18/86

Approved by Commissioner: *[Signature]*  
Agency: DOT/PF

Date: 4/2/86

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

## CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. CS For 2d Sponsor Substitute for HB 181

There are eventualities relating to the maintenance of vessels of the Alaska Marine Highway System within the State of Alaska that could be positive or negative in impact. At this point in time it is not possible to assess the fiscal impact of the presently written bill.

There is the possibility that the higher costs of doing business in an "Alaskan Shipyard" could be somewhat offset by the savings generated from an interport differential or cost of delivery of a vessel to and from Alaska. On the other side, it would be less desirable for crewmembers to live outside Alaska and more would likely move back resulting in higher COLA payments.

The fiscal impact will remain unknown until some experience is generated in vessel repairs in Alaska.

Original sponsors: Taylor, Sund,  
Goll, and Szymanski

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR 2d SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 181 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the maintenance of marine vessels  
7 of the state."

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

9 \* Section 1. AS 36.20 is amended by adding a new section to read:

10 Sec. 36.20.020. MAINTENANCE OF STATE MARINE VESSELS. (a) A  
11 marine vessel owned by the state may not be transported outside of the  
12 state for the purpose of maintenance unless the commissioner of trans-  
13 portation and public facilities determines that there is no facility  
14 in the state able or available to perform the maintenance at a price  
15 that is in the state's best interests. In making this determination,  
16 the commissioner shall consider

17 (1) the amount of money the state has granted to, or other-  
18 wise invested in, marine vessel maintenance facilities in the state;

19 (2) the amortization, overhead, and start-up costs of the  
20 facilities in the state; and

21 (3) the direct and indirect benefits to the economy and  
22 labor force of the state that may be obtained by contracting with a  
23 facility in the state.

24 (b) AS 37.05.230 and the provisions of any other law relating to  
25 competitive bidding do not apply to a contract for the maintenance of  
26 a marine vessel owned by the state if the contract is awarded to a  
27 facility in the state.  
28  
29

LEGISLATIVE AFFAIRS AGENCY

**MEMORANDUM**

April 7, 1986

SUBJECT: CS 2d SSHB 181 (Finance)

TO: Rep. Al Adams, Ch., H. Finance Comm.

FROM: Ed Hein, LAA *EH*

Enclosed is the final of CS 2d SSHB 181 (Fin) as requested by your staff. At page 1, line 14, "and" was changed to "or." I am told this change was so that an in-state facility would not have to be immediately available to perform at the time the contract is let. But substituting "or" would allow a contract to be let even if the facility was unable to do the job, so long as the facility was available. It may never happen in practice, but why have the statute read that way? If availability is not critical, then why not just drop "and available" on line 14? It seems to me that you would always want a facility that was able. *EH*



Dept. of Transportation & Public Facilities

RO. 4-7-86

Rec'd 4-28-86

# Position Paper

**BILL NO:** CH For 2nd Sponsor Substitute for  
House Bill No. 181 (Finance)

**APPROVED:** R. J. Knapp  
Commissioner

**TITLE:** Maintenance of Marine Vessels  
of the State

**DATE:** 4/23/86

The Department of Transportation and Public Facilities fully supports the performance of maintenance of Alaska public vessels within the state but believes that the economic factors of the market place will cause that to take place without waiving the competitive bidding provisions of AS 37.05.230. For instance, in the case of Alaska Marine Highway System (AMHS) vessels, an interport differential would be added to the bid of shipyards outside Alaska for the purpose of evaluation. Interport differential is defined as the extra costs such as fuel, crew transportation, per diem, pilotage, etc., that are incurred as a result of taking a vessel from the repair yard nearest to the vessel's operating area (Alaska) to any other yard. As an example, the current interport differential between Seattle and Portland on the contract for M/V COLUMBIA bow thruster installation is \$32,500. Were the Ketchikan Shipyard now in operation, the interport differential between Ketchikan and Seattle on that contract would be at least \$50,000, and between Ketchikan and Portland at least \$77,000.

The economic advantage of interport differential to Alaska Shipyards is significant enough alone to provide a strong margin in favor of any Alaska Shipyard. In addition, the operators of Shipyards in Alaska (all private) also will have the advantage of reduced capital costs and the Alaska bid preference.

The disadvantage to the State of Alaska of waiving AS 37.05.230 or any other competitive bidding law is that such a waiver will in effect offer a blank check to the private operator of any shipyard located in Alaska. AMHS is appropriated a fixed amount annually to both maintain and operate the vessels. A conscious effort has been made to maximize funds spent for operations and to minimize funds spent on maintenance and repairs, consistent with safety and good engineering practices. The result of CS for 2nd SS for HB 181 as currently written would likely be an increase in the amount of money spent on maintenance and repairs and a decrease in the amount of money available for operations, resulting in less service to the public who depend on the AMHS for basic transportation needs.

The Department of Transportation and Public Facilities opposes CS for 2nd SS for HB 181 as currently written for the above stated reasons.

For further information call Susan Fleischhauer at 465-3900.

POSITION PAPER

Bill No. CH For 2nd Sponsor Substitute for House Bill 181  
(Finance)

However, we are in favor of the overall objectives, and propose the following as an alternative.

- A. Expand Alaska bidder preference factor from 5% to 15% on all marine repair contracts.
- B. If qualified competition exists in state restrict bids to Alaska firms.
- C. If qualified competition does not exist in state advertise as necessary taking into account Alaska bidder preference plus interport differentials.

# Alaska State Legislature



## House of Representatives

### Committee on Transportation

Rep. Bette Cato, Chairman

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

LETTER OF INTENT  
FOR  
CS FOR 2D SSHB 181 (TRSP)

The House Transportation Committee supports the concept of using facilities located in the State of Alaska for the repair and maintenance of the Alaska Marine Highway system vessels. The Committee also recognizes, however, that the Alaska Marine Highway System is required under AS 37.05.230 to award a contract for the maintenance or repair of its vessels on the basis of competitive bidding. The Committee does not intend this legislation to conflict with the provisions of AS 37.05.230 nor does it intend by this legislation to relieve the Alaska Marine Highway System of its obligation to award contracts for the maintenance or repair of its vessels except by competitive bid.

CONCUR

OTHER

<u>Bette Cato</u>	-----
<u>Adelheid Herrman</u>	-----
<u>John Surnat</u>	-----
<u>Mike De</u>	-----
<u>A. J. Marcou</u>	-----
<u>Dick Shultz</u>	-----
<u>Motiquelberi</u>	-----

Bette Cato

CHAIRMAN

# Alaska State Legislature

COMMITTEES:  
VICE-CHAIRMAN  
HEALTH, EDUCATION & SOCIAL SERVICES  
JUDICIARY  
FINANCE SUB-COMMITTEE  
ON COURT SYSTEM  
JOINT COMMITTEE ON  
FOREIGN TRADE



PO. BOX 1441  
WRANGELL, ALASKA 99929  
(907) 874-2316

White in Juneau  
POUCH V  
JUNEAU, ALASKA 99811  
(907) 465-4905

## House of Representatives

ROBIN L. TAYLOR

March 31, 1986

TO: Representative Al Adams  
Chairman, House Finance Committee

From: Representative Robin L. Taylor

Subject: Committee Substitute for 2nd Sponsor Substitute for  
House Bill 181 (Transportation)

As you know, House Bill 181 will be before the House Finance  
Committee on April 3, 1986. I would like to offer the  
following ammendment to include all state owned vessels:

Section 19-65.030 is ammended to read:

All state owned vessels [a vessel of the Alaska Marine  
Highway System] may not be transported outside of the state  
for purposes of maintenance unless the Commissioner of  
Transportation and Public Facilities determines that there is  
no facility in the state able and available to perform the  
maintenance at competitive prices.

cc: House Finance Committee Members

April 3, 1986

Representative Al Adams  
Chair, House Finance Committee  
Alaska State Legislature  
Juneau, AK 99811

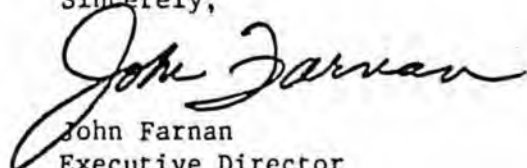
Dear Representative Adams:

The Southeast Conference supports 2D SSHB 181 (relating to the maintenance of vessels) as it is now written. It is our opinion that interport differential and the Alaska bidder preference should allow the Ketchikan shipyard to bid competitively within the West Coast Ship repair market.

The Southeast Conference believes that the Ketchikan shipyard will have the ability to economically serve the Alaska Marine Highway and other potential customers. The shipyard will provide local employment and will benefit the State of Alaska.

We request that the House Finance Committee do pass this bill.

Sincerely,



John Farnan  
Executive Director  
Southeast Conference

cc: House Finance Committee Members

# Alaska State Legislature



## House of Representatives

REPRESENTATIVE  
BETTE CATO

DISTRICT 6  
BOX 775

VALDEZ, ALASKA 99686  
(907) 835-4568

WHILE IN JUNEAU  
P.O. BOX V

JUNEAU, ALASKA 99811  
(907) 465-4858  
(907) 586-2660

COMMITTEES  
—  
CHAIRMAN  
HOUSE TRANSPORTATION  
—  
MEMBER  
RESOURCES  
STATE AFFAIRS

DATE: 20 March 1986  
TO: Representative Robin Taylor  
FROM: Representative Bette Cato *BC*  
RE: CS 2d HB 181 (TRSP)

Would you please consider amending CS 2d HB 181 (TRSP) to include all state vessels instead of only vessels of the Alaska Marine Highway System?

I understand several state agencies have vessels which should also be maintained in-state whenever possible. I believe we could simply change language to cover all state vessels and leave the responsibility of determination with the Commissioner of Transportation.

Please give Rhonda Cargill of our Transportation Committee staff a call and let her know what you decide, as I will be out of town until Sunday night. Rhonda will be more than happy to gather data to substantiate this amendment if you are agreeable to the idea.

Thanks so much for your consideration and assistance.



ALASKA STATE LEGISLATURE  
HOUSE OF REPRESENTATIVES  
RESEARCH AGENCY

Pouch Y. State Capitol  
Juneau, Alaska 99811  
(907) 465-3991

April 2, 1986

MEMORANDUM

TO: Representative Bette Cato

ATTN: Rhonda Cargill

FROM: Deb Pomeroy, Administrative Officer *DP*

RE: Vessels Owned by the State of Alaska  
Research Request 86-155

You requested information on the number of boats larger than 16 feet that are owned by various departments of the State. I contacted Bob Head, Property Manager with the Division of General Services and Supply in the Department of Administration (DOA). He was able to provide computer printouts on vessels owned by all the State agencies with the exception of the University of Alaska.<sup>1</sup> The attached table contains the data on boats larger than 16 feet by department.

In addition to the nine ferries owned by the Marine Highway System, the State of Alaska owns 173 boats larger than 16 feet. The following is a breakdown of the size and ownership:

<u>Size</u>	<u># of boats</u>	<u>Ownership</u>
> 45'	13	8--DF&G; 5--DPS
26' - 45'	26	12--DF&G; 12--DPS; 1--DOE; 1--Surplus
17' - 25'	130	96--DF&G; 27--DPS; 1--Corr.; 1--DEC 1--H&SS; 1--DNR; 2--DOT/PF; 1--Surplus
Unknown	6	4--DPS; 1--DNR; 1--Surplus

I hope this information answers your questions. If you have any questions or would like additional information, please contact this agency.

DP

Attachments

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<sup>1</sup>This printout is on file at House Research if you would like to see it. Julie Mipes with the University of Alaska in Fairbanks will be sending information on the U of A's vessels in the next week. I will forward that information to you as soon as it is received.

STATE OF ALASKA  
VESSELS OVER 16 FEET

DEPARTMENT	VESSEL LENGTH	CLASS DESCRIPTION
Fish & Game	91' Patrol	Metal Enclosed Inboard Power
	72' M/V Kittiwake	Boat, General
	70' (21' Beam) M/V Steller	Metal Enclosed Inboard Power
	70' Schooner	Metal Enclosed Inboard Power
	66' Crabber/Troller	Metal Enclosed Inboard Power
	65' Steel Hull T-Boat	Metal Enclosed Inboard Power
	58' Seine Boat	Metal Enclosed Inboard Power
	48' X' 24 Cataaaran Fish Trap	Barge, Metal Power
	40' Utility	Metal Enclosed Inboard Power
	36' M/V O'Herka	Plastic Enclosed Inboard Power
	34' M/V Cutthroat	Plastic Enclosed Inboard Power
	32' M/V Saolt	Plastic Enclosed Inboard Power
	32' M/V Puffin (Fiberglass)	Plastic Enclosed Inboard Power
	32' M/V Iliaska (Cruiser)	Plastic Enclosed Inboard Power
	31' M/V Clusea	Plastic Enclosed Inboard Power
	31' MV O'Kisutch	Plastic Enclosed Inboard Power
	31' Blind Slough	Barge, Metal Power
	31' Blind Slough	Barge, Metal Power
	30' Alum Boat	Metal Open Outboard Power
	26' J&C Radar	Metal Open Outboard Power
	25' Bristol Bay Drift Skiff	Wood Enclosed Outboard Power
	25' Boston Whaler	Plastic Open Outboard Power
	24' X 9' Wood Arctic Queen	Boat, General
	24' X 8' Scow Flat	Plastic Open Outboard Power
	24' X 40' Nanigan Float House	Wood Barge
	24' Bussic Ventures	Metal Open Outboard Power
	23' Dorries Interceptor	Metal Enclosed Outboard Power
	23' Commercial Cuddy	Plastic Enclosed Outboard Power
	22' X 25' Boathouse	Wood Barge
	22' ORCA Work at	Plastic Open Outboard Power
	22' Marine Fiberglass	Plastic Open Outboard Power
	21' Woolridge	Metal Open Outboard Power
	21' Wooldrige	Metal Open Outboard Power
	21' Silver Streak	Metal Open Outboard Power
	21' Nunson	Metal Open Outboard Power
	21' Glassply	Plastic Enclosed Inboard Power
	21' Gaspar Ventura	Plastic Enclosed Outboard Power
	21' Boston Whaler	Plastic Open Outboard Power
	21' Boston Whaler	Plastic Open Outboard Power
	21' Boston Whaler	Plastic Open Outboard Power
	21' Boston Whaler	Plastic Open Outboard Power
	21' Alum	Metal Open Outboard Power
20' Wood Plank	Boat, General	
20' Sookercraft	Metal Open Outboard Power	
20' Quachita	Metal Open Outboard Power	
20' Quachita	Metal Open Outboard Power	
20' Fiberform	Plastic Enclosed Outboard Power	
20' Custom Made	Metal Open Outboard Power	
20' Boston Whaler	Plastic Open Outboard Power	
20' Boston Whaler	Plastic Open Outboard Power	
20' Boston Whaler	Plastic Open Outboard Power	
20' Boston Whaler	Plastic Open Outboard Power	
20' Boat	Boat, General	
20' Alumaweld	Metal Open Outboard Power	





STATE OF ALASKA  
VESSELS OVER 16 FEET

DEPARTMENT	VESSEL LENGTH	CLASS DESCRIPTION
Corrections	19' Valco	Metal Open Outboard Power
Education	30' Utility Boat	Boat, General
Environmental Cons	19' Boston Whaler	Plastic Enclosed Outboard Power
H&SS	20' R.R. Hewes Craft	Metal Open Outboard Power
Natural Resources	16'7" Boston Whaler	Plastic Enclosed Outboard Power
	Silverline MDL Hilo	Plastic Enclosed Outboard Power
Transportation	Bartlett	Ferries
	Tustanena	Ferries
	Chilkat	Ferries
	Matanuska	Ferries
	Columbia	Ferries
	Taku	Ferries
	Malaspina	Ferries
	LeConte	Ferries
	Aurora	Ferries
	16' X 30' Paint Float	Metal Barge
	20' Aluminum	Metal Open Outboard Power
Surplus Warehouse	Glasply 2600 Escort	Plastic Enclosed Inboard Power
	17' Glasply	Plastic Enclosed Outboard Power
	25' Cabin Skiff Barricuda	Wood Enclosed Outboard Power

Prepared by the House Research Agency, April 1985.

# MEMORANDUM

State of Alaska

TO: Joe Camp  
Deputy Commissioner  
Department of Transportation  
and Public Facilities

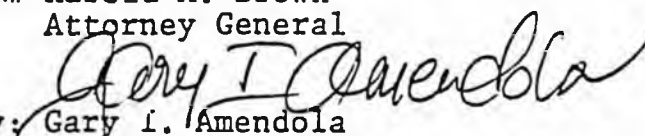
DATE: March 20, 1986

FILE NO:

TELEPHONE NO: 465-3603

FROM: Harold M. Brown  
Attorney General

SUBJECT: Legislative Intent  
for CS for 2nd SSHB  
181 (Trans)

By:   
Gary I. Amendola  
Assistant Attorney General  
Transportation Section-Juneau

You have asked for language to clarify the legislative intent of CS for 2d SSHB 181 (Trans), which amends AS 19.65 by adding a new section to read:

Sec. 19.65.030. MAINTENANCE OF ALASKA MARINE HIGHWAY SYSTEM VESSELS. A vessel of the Alaska marine highway system may not be transported outside of the state for the purpose of maintenance unless the commissioner of transportation and public facilities determines that there is no facility in the state able and available to perform the maintenance at competitive prices.

Draft language of legislative intent could be as follows:

The transportation committee supports the concept of using facilities located in the State of Alaska for the repair and maintenance of Alaska marine highway system vessels. The committee also recognizes, however, that the Alaska marine highway system is required under AS 37.05.230 to award a contract for the maintenance or repair of its vessels on the basis of competitive bidding. The committee does not intend this legislation to conflict with the provisions of AS 37.05.230 nor does it intend by this legislation to relieve the Alaska marine highway system of its obligation to award contracts for the maintenance or repair of its vessels except by competitive bid.

GIA:prm

HOUSE TRANSPORTATION COMMITTEE

March 18, 1986

7:00 a.m.

Members present:

Rep. Mike Davis, Chairing  
Rep. Dick Shultz  
Rep. Marco Pignalberi  
Rep. Andre Marrou

COMMITTEE CALENDAR

2D SSHB 181 "An Act relating to the maintenance of  
vessels of the Alaska Marine Highway System."

WITNESS REGISTER

Rep. Robin Taylor  
Alaska State Legislature  
Box V  
Juneau, Alaska 99811  
Phone: 465-4905  
Position: sponsor of the bill

Joe Camp  
Deputy Commissioner  
Alaska Marine Highway System  
Department of Transportation  
Box Z  
Juneau, Alaska 99811  
Phone: 465-3955  
Position: testified in favor of the bill

Susan Fleischauer  
Legislative Liaison  
Department of Transportation  
Box Z  
Juneau, Alaska 99811  
Phone: 465-3900  
Position: observer

PREVIOUS ACTION

HB 181	DATE	PAGE	ACTION
	02/08/85	(H) 295	Read the first time - referrals
	03/29/85	(H) 746	Sponsor substitute introduced
	04/30/85	(H) 1182	Fiscal note Hse sup 60
	05/09/85	(H) 1473	Finance rpt 3DP 1DNP 4NR
	05/11/85	(H)	Rules to calendar
	05/11/85	(H) 1530	Moved to bottom of calendar
	05/11/85	(H) 1542	Return to Rls Comm from calendar
	03/05/86	(H) 2284	2d sponsor substitute introduced Transportation, Finance, Rules

ACTION NARRATIVE

TAPE ONE SIDE ONE  
Number 003

Rep. Davis called the meeting of the House Transportation Committee to order at 7:14 with Rep. Shultz, Rep. Pignalberi and Rep. Marrou present.

Rep. Davis introduced the bill and the sponsor.

Number 017

Rep. Taylor testified, "Myself and the chairman of this committee got out heads together at the beginning of this session and felt that HB 181 could be modified so as to provide us with a bill giving us the required structure to force our ferry system to begin utilizing the two marine repair facilities that the state of Alaska has created. One in Seward, the other one is in Ketchikan, Alaska. The Ketchikan facility is not yet completed but it's scheduled. They have the majority of its buildings and equipment completed and installed. Probably within the next nine months, it may be a full year... We'd like to see the facilities being used. Over the last 25 years, the ferry system has historically used the Todd Shipyards in Seattle to do its maintenance. The purpose and intent of this bill is to change that historic pattern. We feel without legislation that the change may not as promptly occur. ...There is one amendment that has been suggested by the department. I have no objection to that amendment. That is the addition of the words, 'at competitive prices'."

Rep. Pignalberi asked, "I thought these were going to be state owned and operated facilities."

Rep. Taylor said, "They are state owned, they aren't probably going to be state operated. They're leasing them out. ...our lease in Ketchikan is a lease that flows to the city and then the city will decide from there who the contractor will be."

Rep. Pignalberi pointed out some advantages of having the facilities within the state, e.g. the Alaska bidder's preference, transportation costs.

Rep. Taylor said, "That's why the addition of those words is really not offensive to the bill."

Rep. Pignalberi asked Joe Camp, "Is it your understanding that the bidder's preference would apply to these facilities?"

Number 125

Joe Camp said, "Yes, I feel that the operator of that yard will have three very distinct economic and competitive advantages over any other yard. We may even be lucky to get somebody else to bid against them."

Rep. Taylor said, "The state right now probably has over 60 million dollars invested in creating repair facilities in Seward and Ketchikan. It would only seem logical that the state should use them since we've built them."

Rep. Pignalberi said, "It would seem logical that we should use them but if we use them at a cost that is greater than somewhere else then we would end up with a cost of eventually \$100 million dollars. I like the bill because it obviously is an economic stimulator for two smaller communities but we do have to worry about being taken advantage of. I think the amendment you propose is a good one."

Number 156

Joe Camp testified, "The marine highway is controlled by the same competing bidding process and procurement statute that all of state government is and all of our work is done on a bid basis. I've heard a lot of comment...about the marine facility and marine shipyard in Ketchikan. Once we've built the shipyard, all of our work will be done there. I truly believe that will happen. But I think people...have made these comments without realizing the competitive nature of shipyards and that we would not have just one big master ship repair contract for all of our repairs. Ship repairs simply do not work that way. Each individual job has to be bid on because the contractor would be buying a pig-in-a-poke, not knowing what work was required until he got a set of specifications for that

particular job. Not knowing whether he was going to have to simply have to replace bearings or replace a whole rotor assembly in a piece of machinery. So the work can vary from year to year on each ship in a great bit of detail. We do dry dock each vessel each year.

"The competitive advantages that were mentioned earlier that this operator will have are really three: one, he will not have thirty-eight million dollars worth of capital costs to recover in his bid price. He will have a lease cost that he's going to have to recover. He'll also have the Alaska bidder's preference and the interport differential. As Rep. Pignalberi mentioned the cost of moving a ship from Ketchikan to Seattle is very significant. I can give an illustration: we just hurriedly figured out a interport differential on the Matanuska who is currently in the shipyard in Seattle...undergoing overhaul. The interport differential for moving the Matanuska from Ketchikan down and back and the transportation costs for the crew and the per diem we would have to pay is approximately \$50,000. The whole job in the dry dock that we are paying the shipyard is only \$44,000. In evaluating one of those jobs we would take the Ketchikan shipyard bid, the specifications would delineate the interport differential, and we would add that interport differential in to any other shipyard, whether it be Seattle, Tacoma, or Portland."

"I think the intent of the bill is very, very good. The current administration, I know, certainly intends to make the shipyard work. This shipyard has got a long hard road ahead of it. In the last 5 years on the West coast, 23 shipyards have closed... With the \$38 million dollars the state's invested, it behooves us to do our very best to make sure that that yard succeeds. It will have a lot of very definite advantages for the marine highway to be able to repair ships in Ketchikan and not have to take them south. We are looking forward to taking advantage of those advantages."

Number 245

Rep. Pignalberi pointed out the importance of the leasing process because "the best protection for taking operating advantage of the new facility is to charge an awful lot for that lease because the lease income is something you can deduct from the repair bills...in the net income basis to the state. ...What would prevent Todd shipyards or some outside operator from coming up or is that the plan because you need the expertise. Are you going to have an outside company come and take advantage of this \$38 million dollar facility we built for Alaskans?"

Joe Camp said, "If the state were to operate the facility with state employees we would be basically an Alaska Marine Highway repair facility. We don't have the time, the talent or the inclination to go out and look for commercial business. That's not our business to compete with other shipyards. It would be a very, very expensive operation. We could not do it competitively, I think. To attract a competent shipyard in there is going to take some incentive because as I say, shipyards are closing, not opening."

"What the state was looking at, in effect, was managing the facility. For a number of years we looked at it that way. We were looking at stateside yards and to help design the yard two years ago, we sent out a request for proposals for yard operators prequalified from US yards. From there came expression of interest in operating the yard and we...picked their brains to redesign the yard...saying, 'If you were operating and building a shipyard what would you put in?' ...and redesigned and built it. Now, the City of Ketchikan, about a year ago, stepped in and said they would like to manage the facility and we are currently negotiating with the City of Ketchikan. We feel that it is very viable and smart for the City of Ketchikan to get involved in it because they're interested in building an industry, building an industrial park and expanding the yard to other marine related activities...

"For it to really be a viable yard, we need to cover the operating expenses of the yard and the capital cost replacement in the yard but not necessarily turn a profit for the state... The enterprise fund in principle we have set up with the City of Ketchikan. All of the revenues that the City of Ketchikan collects will go into an enterprise fund and in effect there are three buckets that the funds will flow into. The first bucket is for annual operating and maintenance expenses of the yard. Probably for the first couple of years, if it pays all of its own operating expenses it will be lucky. ...A second bucket which is a capital replacement fund, a sinking fund, which all of the facilities that are in the original lease to the city will be amortized over the life of that particular facility and an amount of money will go into this fund each year. ...The third bucket is if there is additional money... is for new capital buildings and facilities."

Rep. Pignalberi asked if any of the money will come back to the state.

Joe Camp said, "It stays right in the facility to make the facility go. The money will come back to the sinking fund, the termination of the lease will come back to the state."

Rep. Davis asked if the sinking fund was state operated.

Joe Camp replied that the sinking fund is part of the enterprise fund of the Ketchikan shipyard.

Number 360

Rep. Pignalberi asked what would prevent the City of Ketchikan from putting the fund money into a different project?

Joe Camp said, "the terms of the lease..."

Rep. Marrou asked about the question marks on the fiscal note from DOT.

Number 380

Joe Camp said, "It should not cost us anything. It's difficult to project ahead whether we will save operating money and maintenance money. Hopefully we will. One thing that is going to be very good for the yard but is going to end up potentially costing the state more money is the fact that it's not going to be very convenient for our employees to live in Ketchikan. Right now with our ships spending several months a year in Seattle, it's quite convenient for many of our employees to live in Seattle and simply work on the ships during overhaul. Once the shipyard moves to Ketchikan and we begin repairing our ships in January of next year in Ketchikan, then it's going to be very inconvenient. There's going to be an incentive for people to move back to Alaska. However, when they do their pay increases 22%. They get a COLA...with that situation our payroll costs can go up so it's going to be very difficult to estimate just what our total budget picture is going to be."

Number 405

Rep. Marrou pointed out that the interport differential offsets the COLA.

Joe Camp agreed but added, "It will cost us more on many of our jobs that the shipyard itself cannot do. We have to bring the owner or the manufacturers technical representative in to do particular work... These people are all located in Seattle. It's going to cause us to have to plan our overhauls much better... We pay travel expenses for those tech reps when we bring them to Ketchikan."

Number 428

Rep. Marrou moved that the CS for the second sponsor substitute for HB 181 be adopted.

There were no objections.

Rep. Marrou moved that the bill be passed out of committee.

There were no objections.

Rep. Davis suggested to Joe Camp that there should be a letter of intent on the bill from the Attorney General.

Rep. Davis also said that a new zero fiscal note is needed before it moves out also.

There was discussion on residency and COLA.

The meeting was adjourned at 8:00.



Dept. of Transportation & Public Facilities

# Position Paper

BILL NO: 181 (2nd Sponsor Substitute)

APPROVED

*[Signature]*  
K. J. Krapp  
Commissioner

TITLE: An Act relating to the Maintenance of Vessels of the Alaska Marine Highway System

DATE:

The department agrees with the concept that Alaska Marine Highway System (AMHS) vessels should be repaired in Alaska.

However, we disagree with this bill as written as it removes the competitive process from repair contracts. In effect, this bill gives a "blank check" to the private shipyard operator to charge AMHS whatever he pleases since he would have a captive market.

AMHS has made a conscious effort to reduce repair costs and thus make more of the limited budget available for operations. One undesirable result of enactment of this bill, as written, could be an unreasonable increase in the cost of repairs which would be paid out of operating funds with the net result being a reduction in service to Alaskan communities.

Market economic factors favor the operator of the Ketchikan Shipyard. He will have three distinct economic advantages over outside shipyards.

1. He will have minimal capital costs to recover in his repair pricing.
2. He will have an Alaska bidders preference.
3. Any outside bidder will have an "interport differential" added to their bid in the evaluation process.

(Interport differential is the cost of positioning a vessel to another repair port. It includes full, crew repatriation, per diem, and any other identifiable direct cost of the positioning/repositioning. It is calculated for each vessel at each overhaul but would be in the neighborhood of \$50,000.00 for a mainline vessel.)

The department recommends that the bill be modified by adding the words "at competitive prices" on line 15 following the word maintenance.

**STATE OF ALASKA 1986 LEGISLATIVE SESSION  
FISCAL NOTE**

Revision Date : \_\_\_\_\_

**REQUEST**

Bill/Resolution No. : CS For 2d Sponsor Sub. HB181  
 Title : "...maintenance of vessels or the Alaska Marine Highway System."

Sponsor : Taylor, Sund and Goll  
 Requestor : \_\_\_\_\_  
 Date of Request : \_\_\_\_\_

**FISCAL DETAIL**

Agency Affected : DOT&PF - AMHS  
 BRU : Marine Operations

Components : 1) SE Vessels Operations and Overhaul 2) SW Vessels Operations and Overhaul.

**EXPENDITURES/REVENUES : (Thousands of Dollars)**

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES	-0-	-0-	-0-	-0-	-0-	-0-
TRAVEL	-0-	-0-	-0-	-0-	-0-	-0-
CONTRACTUAL	-0-	-0-	-0-	-0-	-0-	-0-
SUPPLIES	-0-	-0-	-0-	-0-	-0-	-0-
EQUIPMENT	-0-	-0-	-0-	-0-	-0-	-0-
LAND & STRUCTURES	-0-	-0-	-0-	-0-	-0-	-0-
GRANTS, CLAIMS	-0-	-0-	-0-	-0-	-0-	-0-
MISCELLANEOUS	-0-	-0-	-0-	-0-	-0-	-0-
<b>TOTAL OPERATING</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>

CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
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REVENUE						
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**FUNDING : (Thousands of Dollars)**

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS	-0-	-0-	-0-	-0-	-0-	-0-
OTHER	-0-	-0-	-0-	-0-	-0-	-0-
<b>TOTAL</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>

**POSITIONS :**

FULL-TIME						
PART-TIME						
TEMPORARY						

**ANALYSIS :** Attach a separate page if necessary

See attached.

Prepared by : Joe D. Camp, Deputy Commissioner Phone : 465-3950  
 Division : Alaska Marine Highway System Date : 3/18/86

Approved by Commissioner : [Signature] Date : 3/18/86  
 Agency : DOT/PP

Distribution (by Agency preparing fiscal note) :

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

## CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. CS For 2d Sponsor Substitute for HB 181

There are eventualities relating to the maintenance of vessels of the Alaska Marine Highway System within the State of Alaska that could be positive or negative in impact. At this point in time it is not possible to assess the fiscal-impact of the presently written bill.

There is the possibility that the higher costs of doing business in an "Alaskan Shipyard" could be somewhat offset by the savings generated from an interport differential or cost of delivery of a vessel to and from Alaska. On the other side, it would be less desirable for crewmembers to live outside Alaska and more would likely move back resulting in higher COLA payments.

The fiscal impact will remain unknown until some experience is generated in vessel repairs in Alaska.



ALASKA STATE LEGISLATURE  
 HOUSE OF REPRESENTATIVES  
 RESEARCH AGENCY

Pouch Y, State Capitol  
 Juneau, Alaska 99811  
 (907) 465-3991

April 2, 1986

MEMORANDUM

TO: Representative Bette Cato  
 ATTN: Rhonda Cargill  
 FROM: Deb Pomeroy, Administrative Officer *DP*  
 RE: Vessels Owned by the State of Alaska  
 Research Request 86-155

You requested information on the number of boats larger than 16 feet that are owned by various departments of the State. I contacted Bob Head, Property Manager with the Division of General Services and Supply in the Department of Administration (DOA). He was able to provide computer printouts on vessels owned by all the State agencies with the exception of the University of Alaska.<sup>1</sup> The attached table contains the data on boats larger than 16 feet by department.

In addition to the nine ferries owned by the Marine Highway System, the State of Alaska owns 173 boats larger than 16 feet. The following is a breakdown of the size and ownership:

<u>Size</u>	<u># of boats</u>	<u>Ownership</u>
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17' - 25'	130	96--DF&G; 27--DPS; 1--Corr.; 1--DEC 1--H&SS; 1--DNR; 2--DOT/PF; 1--Surplus
Unknown	6	4--DPS; 1--DNR; 1--Surplus

I hope this information answers your questions. If you have any questions or would like additional information, please contact this agency.

DP

Attachments

---

<sup>1</sup>This printout is on file at House Research if you would like to see it. Julie Mipes with the University of Alaska in Fairbanks will be sending information on the U of A's vessels in the next week. I will forward that information to you as soon as it is received.

STATE OF ALASKA  
VESSELS OVER 16 FEET

DEPARTMENT	VESSEL LENGTH	CLASS DESCRIPTION
Fish & Game	91' Patrol	Metal Enclosed Inboard Power
	72' M/V Kittiwake	Boat, General
	70' (21' Beam) M/V Steller	Metal Enclosed Inboard Power
	70' Schooner	Metal Enclosed Inboard Power
	66' Crabber/Troller	Metal Enclosed Inboard Power
	65' Steel Hull T-Boat	Metal Enclosed Inboard Power
	58' Seine Boat	Metal Enclosed Inboard Power
	48' X' 24 Catamaran Fish Trap	Barge, Metal Power
	40' Utility	Metal Enclosed Inboard Power
	36' M/V O'Nerka	Plastic Enclosed Inboard Power
	34' M/V Cutthroat	Plastic Enclosed Inboard Power
	32' M/V Swolt	Plastic Enclosed Inboard Power
	32' M/V Puffin (Fiberglass)	Plastic Enclosed Inboard Power
	32' M/V Iliaska (Cruiser)	Plastic Enclosed Inboard Power
	31' M/V Clupea	Plastic Enclosed Inboard Power
	31' MV O9Kisutch	Plastic Enclosed Inboard Power
	31' Blind Slough	Barge, Metal Power
	31' Blind Slough	Barge, Metal Power
	30' Alum Boat	Metal Open Outboard Power
	26' JBC Radar	Metal Open Outboard Power
	25' Bristol Bay Drift Skiff	Wood Enclosed Outboard Power
	25' Boston Whaler	Plastic Oper. Outboard Power
	24' X 9' Wood Arctic Queen	Boat, General
	24' X 8' Scow Flat	Plastic Open Outboard Power
	24' X 40' Manigan Float House	Wood Barge
	24' Gussic Ventures	Metal Open Outboard Power
	23' Dories Interceptor	Metal Enclosed Outboard Power
	23' Commercial Cuddy	Plastic Enclosed Outboard Power
	22' X 25' Boathouse	Wood Barge
	22' ORCA Workboat	Plastic Open Outboard Power
	22' Marine Fiberglass	Plastic Open Outboard Power
	21' Woolridge	Metal Open Outboard Power
	21' Wooldridge	Metal Open Outboard Power
	21' Silver Streak	Metal Open Outboard Power
	21' Munson	Metal Open Outboard Power
	21' Glassply	Plastic Enclosed Inboard Power
	21' Glaspar Ventura	Plastic Enclosed Outboard Power
	21' Boston Whaler	Plastic Open Outboard Power
	21' Boston Whaler	Plastic Open Outboard Power
	21' Boston Whaler	Plastic Open Outboard Power
	21' Boston Whaler	Plastic Open Outboard Power
	21' Alum	Metal Open Outboard Power
20' Wood Plank	Boat, General	
20' Smokercraft	Metal Open Outboard Power	
20' Quachita	Metal Open Outboard Power	
20' Quachita	Metal Open Outboard Power	
20' Fiberform	Plastic Enclosed Outboard Power	
20' Custom Made	Metal Open Outboard Power	
20' Boston Whaler	Plastic Open Outboard Power	
20' Boston Whaler	Plastic Open Outboard Power	
20' Boston Whaler	Plastic Open Outboard Power	
20' Boston Whaler	Plastic Open Outboard Power	
20' Boat	Boat, General	
20' Alunaweld	Metal Open Outboard Power	

Fish & Game

19.6' Workboats	Metal Open Outboard Power
19' Yankee Finestkind	Plastic Open Outboard Power
19' Skiff	Boat, General
19' Ski Barge	Plastic Enclosed Outboard Power
19' Silver Streak	Metal Open Outboard Power
19' Seine Skiff	Boat, General
19' Monark	Metal Open Outboard Power
19' Glass-ply	Plastic Enclosed Outboard Power
19' Boston Whaler	Plastic Open Outboard Power
19' Boston Whaler	Plastic Open Outboard Power
18' Skiff	Boat, General
18' Wooden Boat	Boat, General
18' Westcoast Bayrunner	Metal Open Outboard Power
18' Snokercraft	Metal Open Outboard Power
18' Snokercraft	Metal Open Outboard Power
18' Snoker Craft	Metal Open Outboard Power
18' Skiff	Boat, General
18' Skiff	Boat, General
18' Skiff	Boat, General
18' Plank Skiff	Boat, General
18' Monark	Metal Open Outboard Power
18' Lund	Metal Open Outboard Power
18' Lund	Metal Open Outboard Power
18' Lund	Metal Open Outboard Power
18' Lund	Metal Open Outboard Power
18' Loweline	Metal Open Outboard Power
18' Loweline	Metal Open Outboard Power
18' Gussic Ventures	Metal Open Outboard Power
18' Fisher Marine	Metal Open Outboard Power
18' Bayrunner	Metal Open Outboard Power
18' Almar Jetstream	Metal Open Outboard Power
18' Aeroweld	Metal Open Outboard Power
17' Workboats	Metal Open Outboard Power
17' Workboats	Metal Open Outboard Power
17' Workboat	Metal Open Outboard Power
17' Ski Barge	Plastic Enclosed Outboard Power
17' Gregor	Metal Open Outboard Power
17' Boston Whaler	Plastic Enclosed Outboard Power
17' Boston Whaler	Plastic Enclosed Outboard Power
17' Briston Whaler	Plastic Open Outboard Power
17' Easton Whaler	Plastic Open Outboard Power
17' Boston Whaler	Plastic Open Outboard Power
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17' Boston Whaler	Plastic Open Outboard Power
17' Boston Whaler	Plastic Open Outboard Power
17' Boston Whaler	Plastic Open Outboard Power
17' Almar Lite	Metal Open Outboard Power
16' Starcraft	Metal Open Outboard Power
16' Starcraft	Metal Open Outboard Power
16' Monark	Metal Open Outboard Power



STATE OF ALASKA  
VESSELS OVER 16 FEET

DEPARTMENT	VESSEL LENGTH	CLASS DESCRIPTION
Corrections	18' Valco	Metal Open Outboard Power
Education	30' Utility Boat	Boat, General
Environmental Cons	19' Boston Whaler	Plastic Enclosed Outboard Power
H&SS	20' R.R. Hewes Craft	Metal Open Outboard Power
Natural Resources	16'7" Boston Whaler	Plastic Enclosed Outboard Power
	Silverline MDL Hilo	Plastic Enclosed Outboard Power
Transportation	Bartlett	Ferries
	Tustanena	Ferries
	Chilkat	Ferries
	Matanuska	Ferries
	Columbia	Ferries
	Taku	Ferries
	Malaspina	Ferries
	LeConte	Ferries
	Aurora	Ferries
	16' X 30' Paint Float	Metal Barge
20' Alumina	Metal Open Outboard Power	
Surplus Warehouse	Glasply 2600 Escort	Plastic Enclosed Inboard Power
	17' Glasply	Plastic Enclosed Outboard Power
	26' Cabin Skiff Barricuda	Wood Enclosed Outboard Power

  
**City of  
Ketchikan**

**RECEIVED**

MAR 10 1986

334 Front Street  
Ketchikan, Alaska 99901  
907-225-3111

March 4, 1986

**ALASKA  
MARINE HIGHWAY SYSTEM**

The Honorable Bill Sheffield  
Governor of Alaska  
Pouch A  
Juneau, Alaska 99811

Dear Governor Sheffield:

The City of Ketchikan has received a copy of Mayor Gieseler of Seward's letter to you dated January 16, 1986 with its attached copy of City of Seward Resolution Resolution 86-3.

The City of Ketchikan believes that the Ketchikan Shipyard can and should actively compete in the West Coast shiprepair market.

The City believes that, by this means, the Ketchikan Shipyard will most economically serve the State of Alaska and other potential customers, and will thereby yield the greatest benefits to Alaska.

Sincerely,



James A. Van Altvorst  
City Manager

JAV:lm

c.c. Senator Robert H. Ziegler, Sr.  
Representative John Sund  
Representative Robin L. Taylor  
Richard J. Knapp, Commissioner, DOT/PF  
✓ Joe D. Camp, Deputy Commissioner, DOT/PF

Offered: 3/19/86  
Referred: Finance

Original sponsors: Taylor, Sund  
and Goll

1 IN THE HOUSE BY THE TRANSPORTATION COMMITTEE  
2 CS FOR 2d SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 181 (Transportation)  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 FOURTEENTH LEGISLATURE - SECOND SESSION  
5 A BILL  
6 For an Act entitled: "An Act relating to the maintenance of vessels of the  
7 Alaska marine highway system."  
8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:  
9 \* Section 1. AS 19.65 is amended by adding a new section to read:  
10 Sec. 19.65.030. MAINTENANCE OF ALASKA MARINE HIGHWAY SYSTEM  
11 VESSELS. A vessel of the Alaska marine highway system may not be  
12 transported outside of the state for the purpose of maintenance unless  
13 the commissioner of transportation and public facilities determines  
14 that there is no facility in the state able and available to perform  
15 the maintenance at competitive prices.

Introduced: 3/5/86  
Referred: Transportation  
and Finance

1 IN THE HOUSE

BY TAYLOR, SUND AND GOLL

2

2d SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 181

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6

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the maintenance.