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HOUSE TRANSPORTATION COMMITTEE

INDEX ON

HB 23

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

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M E M O R A N D U M

February 6, 1986

SUBJECT: Section by section analysis of HB 23, an Act relating to ferries and ferry terminals and establishing the Alaska Marine Highway Authority

TO: Representative Bette Cato

FROM: George Utermohle
Legislative Counsel

As per your request, the following is a section by section analysis of HB 23, an act relating to ferries and ferry terminals and establishing the Alaska Marine Highway Authority.

Section 1 The purpose of this bill is to create an Alaska Marine Highway Authority with exclusive authority to operate, manage, construct, and plan facilities of a marine highway system. According to the stated purpose, the Authority is independent of the state government. This is probably an overstatement. The Authority is part of state government, although for some purposes, as a public corporation, it has an independent legal existence.

Section 2 AS 19.70

Chapter 70. Alaska Marine Highway Authority
Article 1. Creation and Organization

19.70.010 The Alaska Marine Highway Authority is created as a public corporation with legal existence independent of the state. The Authority is a separate agency within the Department of Transportation and Public Facilities.

19.70.020 The governor appoints and the legislature confirms seven directors to the Authority. Three directors must be chosen from among representatives of commercial carriers, of the maritime industry and of the tourism

industry. Four directors must be public members; each from a separate region of the state served by the marine highway system (Southeastern Alaska, Prince William Sound, Kodiak Island, and Interior Alaska). Each director serves a four year term but is subject to prior removal by the governor. Each director must sign a written oath to faithfully, impartially, and justly perform his duties. The directors serve without pay but are entitled to travel and per diem expenses.

19.70.030 The directors shall chose a chairman from among themselves. The directors shall also choose a secretary and a treasurer, but the secretary and treasurer need not be directors. Four directors constitute a quorum of the Authority.

19.70.040 The Authority shall employ an executive director. All employees of the Authority except the executive director and the legal counsel, shall be state employees in the state classified service. The Authority may contract for the services of consultants and advisors as necessary.

Article 2. Powers and Duties

19.70.050 The Authority is a corporate entity that can sue and be sued. The Authority is given the powers necessary to conduct business of the marine highway system within and out of the state. As an agency of the state, the budget of the Authority is approved and the funds are appropriated by the legislature. The Authority is given the power to make and enforce bylaws and regulations, but it is unclear whether the Authority is to have rulemaking powers under the Administrative Procedures Act.

The Authority has power to establish rates and tariffs and to modify the routes of the marine highway system, after public hearings are held. The power to establish new routes for the marine highway system is not included in the powers of the Authority.

The Authority does not have the power to issue bonds for the construction of ferries or ferry terminals. The Authority must rely on legislative appropriation for funding of capital projects.

19.70.055 The Authority has a duty to promote the best marine passenger and freight service possible by private and public carriers to Alaskan communities. The Authority is specifically required to obtain prepayment for reservations and maximize the frequency of service to all ports. The bill is unclear on which ports must be served by the Marine Highway System. The Authority must provide access to the reservation system throughout the state and to market the marine highway system throughout the state. The Authority has a mandate to utilize Alaskan facilities and to employ Alaskan residents and Alaskan unions to the maximum extent possible.

19.70.060 The Authority is authorized to use the name "Alaska Marine Highway System."

19.70.070 The Authority and the Department of Transportation and Public Facilities shall prepare a long range plan for the marine highway system. The plan must be updated every five years. The plan and its update are subject to legislative oversight. The exact role of the Legislature in the review and approval of the plan is unclear.

Article 3. Acquisition of Property

19.70.080 The Authority may acquire land, easements, sand, gravel, and other raw materials by purchase, gift, or exchange. The Authority's power to acquire land or raw materials is not impeded by the fact that title to the land or raw materials is vested in the state or an agency of the state, though the significance and rationale of this provision is unclear.

19.70.090 The Authority may acquire land that is not for purposes of the marine highway system, if the land will be used to acquire other land needed for purposes of the marine highway system.

19.70.100 The Authority may abandon its ownership of land that is surplus to its needs. When the Authority abandons land, the land reverts to the owner or the owner's heirs of the land at the time the land was taken. This provision is peculiar in that the Authority has no power of eminent domain and thus cannot take land for marine highway purposes. Other state agencies, such as the Department of Transportation and Public Facilities, do have the power of eminent domain and could take land by eminent domain and

then transfer that land to the Authority. It is unusual that a state agency is given the power to abandon land. The Authority may also transfer its surplus land to the Department of Natural Resources for disposal. The proceeds from the disposal of such surplus lands must be credited to the fund from the funds to purchase the land originally came. The fate of funds received from the disposal of surplus lands that were not purchased by the state is not addressed.

Article 4. Ferry Terminal Facilities

19.70.110 The Authority may construct, purchase, lease, and maintain ferry terminal facilities. Ferry terminal facilities are limited to use by vehicles and passengers that can load and unload under their own power. This limitation prevents the ferry system from offering non-ferry type services such as containerized cargo services. This limitation may also restrict the current practice of loading and unloading vans on a ferry using trucks based at the embarkation and debarcation ports, without the vans being accompanied by a means to load or unload on its own power.

19.70.120 The Authority may connect ferry terminals with local highway systems. The Authority may build the necessary roadways and other facilities necessary to link a ferry terminal with a local road system.

19.70.130 The Authority may adopt regulations governing public use of ferry terminal facilities. The regulatory power of the Authority is not explicitly subject to the Administrative Procedures Act (AS 44.62). Likewise the Authority is not specifically exempted from the Administrative Procedures Act.

19.70.140 A ferry terminal facility operating on January 1, 1959 is not affected by the provisions of 19.70.110-19.70.140. Such ferry terminals are not restricted to use by passengers and vehicles that load and unload under their own power. The Authority does not have power to issue regulations governing public use of these ferry terminals or to connect these ferry terminals with local road systems.

The power of the Authority over these older ferry terminal facilities is unclear. The Authority may lack authority to repair or maintain these facilities.

February 6, 1986

Sections 19.70.110-19.70.140 are taken from AS 19.60. AS 19.60 was enacted in 1959 and has not been updated since to reflect current practices of the marine highway system.

Article 5. General Provisions

19.70.150 The Authority shall issue annually a report to the governor and the legislature detailing its income, expenditures, and operations for the prior fiscal year.

19.70.160 A certified public accountant shall audit annually the financial records of the Authority. The legislative auditor has the power to prescribe the form and content of the financial records of the Authority. This is an unusual grant of authority to the legislative auditor in that the legislative auditor can dictate what kinds of financial records the Authority is to keep.

The legislative auditor may inspect the financial records of the Authority at any time.

19.70.170 The Authority is subject to the Executive Budget Act (AS 37.07). The Authority must submit its budget to the Legislature through the Governor. The Authority shall spend its budget only as the budget is appropriated by the legislature.

19.70.180 A vessel of the marine highway system may be named only by act of the legislature. Maritime vessels are to be named after an Alaska glacier and river vessels are to be named after historic vessels that used Alaskan rivers. This provision is derived from AS 19.65.020.

19.70.199 The terms "authority", "capital improvement" and "ferry" are defined.

The term "ferry" means a vessel used in intrastate commerce to carry passengers and self-propelled vehicles. The definition of "ferry" has not changed since it was adopted in 1959.

19.70.200 This act is titled the Alaska Marine Highway Authority Act.

Section 3 The Authority is subject to AS 35.27 which requires a specific proportion of construction costs to be allocated for art in the facility.

Section 4 The terms "building" and "facility" are amended so that any permanent improvement by the Authority is subject to AS 35.27.

Section 5 The term authority in AS 35.27 is defined to mean the Alaska Marine Highway Authority.

Section 6 The directors of the Alaska Marine Highway Authority are subject to the conflict of interest laws (AS 39.50).

Section 7 The Department of Transportation and Public Facilities is not responsible for the planning design construction or maintenance of facilities under the jurisdiction of the Alaska Marine Highway Authority.

Section 8 The Department of Transportation and Public Facilities is not responsible for management, operation, or maintenance of state transportation facilities under the jurisdiction of the Alaska Marine Highway Authority.

Section 9 AS 19.60 relating to ferry terminal facilities is repealed. Most of these same provisions are included in AS 19.70.110-19.70.140 of this bill. Those sections of AS 19.60 not re-enacted in this bill relate to construction and operation of ferry terminals by private enterprise.

AS 19.65 relating to the Alaska Marine Highway system is repealed. The provisions of this chapter are reenacted in this bill as AS 19.70.180.

Section 10 The first directors of the Authority are appointed by the Governor to staggered terms.

GU:mkr
M2:140

STATE OF ALASKA 1986 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: 04/08/86

REQUEST

Bill/Resolution No.: HB 23
 Title: "...establishing the Alaska Marine Highway Authority."
 Sponsor: Cato
 Requestor: _____
 Date of Request: _____

FISCAL DETAIL

Agency Affected: DOT&PF - AMHS
 BRU: Marine Administration and Marine Facilities Engineering
 Components: Administration and (Engineering) Management

EXPENDITURES/REVENUES : (Thousands of Dollars)

| OPERATING | FY 86 | FY 87 | FY 88 | FY 89 | FY 90 | FY 91 |
|------------------------|-------|--------------|--------------|--------------|--------------|--------------|
| PERSONAL SERVICES | | 371.2 | 389.8 | 409.3 | 429.8 | 451.3 |
| TRAVEL | | 113.0 | 118.7 | 124.6 | 130.8 | 137.3 |
| CONTRACTUAL | | 407.2 | 154.6 | 162.3 | 170.4 | 178.9 |
| SUPPLIES | | 22.5 | 23.6 | 24.8 | 26.0 | 27.3 |
| EQUIPMENT | | 33.5 | | | | |
| LAND & STRUCTURES | | | | | | |
| GRANTS, CLAIMS | | | | | | |
| MISCELLANEOUS | | | | | | |
| TOTAL OPERATING | | 947.4 | 686.7 | 721.0 | 757.0 | 794.8 |

| | | | | | | |
|---------|--|--|--|--|--|--|
| CAPITAL | | | | | | |
|---------|--|--|--|--|--|--|

| | | | | | | |
|---------|--|--|--|--|--|--|
| REVENUE | | | | | | |
|---------|--|--|--|--|--|--|

FUNDING : (Thousands of Dollars)

| | | | | | | |
|---------------|--|--------------|--------------|--------------|--------------|--------------|
| GENERAL FUND | | 947.4 | 686.7 | 721.0 | 757.0 | 794.8 |
| FEDERAL FUNDS | | | | | | |
| OTHER | | | | | | |
| TOTAL | | 947.4 | 686.7 | 721.0 | 757.0 | 794.8 |

POSITIONS :

| | | | | | | |
|-----------|--|-----|-----|-----|-----|-----|
| FULL-TIME | | 8.0 | 8.0 | 8.0 | 8.0 | 8.0 |
| PART-TIME | | | | | | |
| TEMPORARY | | | | | | |

ANALYSIS : Attach a separate page if necessary

See attached

Prepared by: Joe H. Camp, Deputy Commissioner Phone: 465-3950
 Division: Alaska Marine Highway System (AMHS) Date: 04/08/86

Approved by Commissioner: Walter S. Spahr Date: 4-8-86
 Agency: Department of Transportation and P.F.

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. HB 23

HB 23

FISCAL NOTE ANALYSIS

During FY 84, the Department of Transportation and Public Facilities completed a program of reorganization. Basically, the efforts were toward regionalization of the Department and decentralization of the functions within its operation. As a result, Marine Highway System became a "region" or a stand alone operating unit headed by a Deputy Commissioner.

After almost two years of operating at the new level, the Alaska Marine Highway System has shaken-down internally with planned organization adjustments to ensure all functions previously accomplished outside the System are covered. The current organization with a minimum of additional positions would be required for independent operation as the "Alaska Marine Highway Authority". The new positions required are identified on the attached Request for New Position forms.

No funds for the increased operation of vessels are being requested in this fiscal note. Such an increase would require additional funds whether the System is managed as an Authority or under the present organization within the Department of Transportation and Public Facilities.

It is assumed the Authority would continue to utilize the State Accounting System and other State computer resources, including those needed to support our Reservations Management System. The requirements will remain the same under the current organization or an Authority.

The following assumptions were made:

1. The legislation would take effect July 1, 1986.
2. The "Alaska Marine Highway Authority's" time and attendance, personnel, and accounting computer systems will be completed with existing funding and will interface with existing State systems.
3. There would be an annual appropriation for full operating costs of the Authority each year that would include all revenues generated (Program Receipts) and a General Fund subsidy appropriation to cover the balance of costs needed to maintain the currently budgeted level of vessel operating schedules.
4. An inflation factor of five percent has been included for future years beyond FY 87.

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. HB 23

5. The position of Deputy Commissioner would be converted to Executive Director and administrative support would be provided to the Board of Directors by the existing staff and the additional positions requested. No transfers of positions would be made from the Department of Transportation and Public Facilities.
6. The Authority would continue to use:
 - A. State-owned office buildings.
 - B. The State mail system
 - C. The State equipment fleet.
 - D. The statewide purchasing contracts (i.e. fuel).
 - E. "Shared" communications lines.
 - F. Insurance, bonding, etc., as now supplied.
 - G. Legal services from the Attorney General's Office.
7. The Directors of the Authority would meet an average of three days per month, or thirty-six days per year.

DETAIL OF FY 87 COSTS

MARINE ADMINISTRATION BRU

| | | |
|---|---------|---------|
| <u>Personal Services - 5 PFT Positions</u> | | \$236.8 |
| Data Processing Manager I | \$ 61.0 | |
| Analyst/Programmer IV | 53.3 | |
| Internal Auditor II | 46.7 | |
| Information Officer II | 46.7 | |
| Mail Clerk Carrier III | 29.1 | |
| <u>Travel</u> | | 74.0 |
| Transportation and per diem costs for Internal Auditor II and Information Officer II | 9.0 | |
| Transportation and per diem for seven directors to attend monthly meetings (3 days each in various locations statewide) | 35.0 | |
| Transportation and per diem for Executive Director, section chiefs, and other staff as required to attend monthly directors' meetings. | 30.0 | |

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. HB 23

| | | |
|--|--------|---------|
| <u>Contractual Services</u> | | \$332.2 |
| Professional Services | | \$272.5 |
| Transcription services for directors' meetings | \$ 2.5 | |
| Annual audit by CPA | 20.0 | |
| Initial legal services | 250.0 | |
| Communication | | 18.5 |
| Local telephone service for new positions | 2.0 | |
| Long distance telephone costs | 7.5 | |
| Postage | 5.0 | |
| Network connect fees for two new terminals | 4.0 | |
| Advertising, Printing and Binding | | 30.0 |
| Printing of newsletter, including photography, etc. | 15.0 | |
| Advertising of directors' meetings | 5.0 | |
| Initial printing of stationery | 10.0 | |
| Rental for Land, Buildings and Space | | 11.2 |
| Room rental for directors' meetings | 1.2 | |
| Additional office space for new positions | 10.0 | |
| <u>Supplies and Materials</u> | | 12.5 |
| Office & Library Supplies | 10.0 | |
| Routine supplies for new positions and directors' meetings | | |
| Data Processing Supplies | 2.5 | |
| <u>Equipment</u> | | 23.5 |
| Office equipment for new positions | 3.5 | |
| Data processing equipment for new positions | 20.0 | |
| Marine Administration BRU TOTAL | | \$679.0 |

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. HB 23

MARINE FACILITIES ENGINEERING BRU

| | | |
|---|---------|----------|
| <u>Personal Services</u> - 3 PFT Positions | | \$134.4 |
| Maintenance Worker II | \$ 46.4 | |
| 2 Maintenance Worker I's | 88.0 | |
| <u>Travel</u> | | 39.0 |
| Transportation and per diem for Maintenance Workers to perform maintenance of terminal facilities | 39.0 | |
| <u>Contractual Services</u> | | 75.0 |
| Professional Services | 50.0 | |
| Environmental engineering, right-of-way, EEO compliance, etc. (Currently performed by DOT&PF) | | |
| Minor Repair and Maintenance | 25.0 | |
| Minor repairs beyond the scope of work performed by Maintenance Workers | | |
| <u>Supplies and Materials</u> | | 10.0 |
| Repair & Maintenance Supplies | 10.0 | |
| Structural materials and minor tools as needed | | |
| <u>Equipment</u> | | 10.0 |
| Outfitting of maintenance shop | | |
| Marine Facilities Engineering BRU TOTAL | | \$268.4 |

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. HR 23

SUMMARY OF FY 87 COSTS

| | <u>Marine Administration</u> | + | <u>Marine Fac. Engineering</u> | = | <u>Total</u> |
|----------------------|----------------------------------|---|------------------------------------|---|------------------|
| Personal Services | 236.8 (5 PFT) | | 134.4 (3 PFT) | | 371.2 (8 PFT) |
| Travel | 74.0 | | 39.0 | | 113.0 |
| Contractual Services | 332.2 | | 75.0 | | 407.2 |
| Supplies & Materials | 12.5 | | 10.0 | | 22.5 |
| Equipment | <u>23.5</u> | | <u>10.0</u> | | <u>33.5</u> |
| Totals | 679.0 | + | 268.4 | = | 947.4 |

FY 88 COSTS

FY 88 costs include an inflationary increase of 5% after deletion of the following one-time costs:

| | |
|---|---------|
| <u>Contractual Services</u> (Marine Administration BRU) | \$260.0 |
| Initial Legal Fees | \$250.0 |
| Initial Printing Costs | 10.0 |
| <u>Equipment</u> (Both BRU's) | 33.5 |

| | | | |
|------------------|-----|-----------------------|------|
| Position Title | | Analyst/Programmer IV | |
| Time Status | PFT | Staff Months | 12.0 |
| No. of Positions | | 1 | |
| Location | | Juneau | |
| Range/Step | | 19/A | |
| Barg. Unit | | Election District 04 | |
| Gov. | | Leg. | |
| Approv. | | | |
| Disapp. | | | |

| Justification | | Amount |
|---|------|--------|
| Creation of an Authority would require data processing support services which are currently provided by the Department of Transportation and Public Facilities. | | 3 |
| This position will be responsible for systems maintenance under the supervision of the Data Processing Manager I. | | 53.3 |
| Equipment costs include office equipment and necessary computer equipment (terminal, microcomputer, printer, etc.). | | 2.5 |
| | | .5 |
| | | 10.0 |
| | | 66.3 |
| Total Cost | | |
| Funding Source | | |
| Federal Receipts | 1002 | |
| G. F. Match | 1003 | |
| General Funds | 1004 | 66.3 |
| I-A Receipts | 1005 | |
| Program Receipts | 1028 | |
| CIP Receipts | 1061 | |
| Other | | |

Dept. of Transportation and P.F.
Alaska Marine Highway System

Agency
BRU
Component

Request For
New Position

FY 87

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Revised Date

| | | | |
|-------------------|-----|---------------------|------|
| Position Title | | Internal Auditor II | |
| Time Status | PFT | Staff Months | 12.0 |
| No. of Positions | | 1 | |
| Location | | Juneau | |
| Range/Step | | 1//A | |
| Barg. Unit | | G | |
| Election District | | 04 | |
| Gov. Approv. | | | |
| Leg. | | | |
| Disapp. | | | |

Justification

Creation of an Authority would require internal auditing and review functions to ensure compliance with State statutes. This service is currently provided by the Department of Transportation and Public Facilities.

| Type of Expenditure | Amount |
|-------------------------|--------|
| 1 | 3 |
| 2 | |
| Salary | 34,740 |
| Benefits | 11,918 |
| Premium Pay | |
| Other | |
| Total Personal Services | 46.7 |
| Travel | 5.0 |
| Contractual | 2.0 |
| Commodities | 1.0 |
| Equipment | 1.0 |
| Other | |
| Total Cost | 55.7 |
| Funding Source | |
| Federal Receipts | 1002 |
| G. F. Match | 1003 |
| General Funds | 1004 |
| I-A Receipts | 1005 |
| Program Receipts | 1028 |
| CIP Receipts | 1061 |
| Other | |

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Dept. of Transportation and P.F.
Alaska Marine Highway System
Marine Administration
Administration

Agency
BRU
Component

**Request For
New Position**

| | | | |
|------------------|--------|------------------------|------|
| Position Title | | Information Officer II | |
| Time Status | PFT | Staff Months | 12.0 |
| No. of Positions | | 1 | |
| Location | Juneau | Ranges/Step | 17/A |
| Barg Unit | | Election District | 04 |
| Gov. | | Leg. | |
| Disapp. | | | |
| RP Number | | | |

| Type of Expenditure | Amount |
|-------------------------|--------|
| 1 | 3 |
| 2 | |
| Salary | 34,740 |
| Benefits | 11,918 |
| Premium Pay | |
| Other | |
| Total Personal Services | 46.7 |
| Travel | 4.0 |
| Contractual | 25.0 |
| Commodities | 2.0 |
| Equipment | 1.5 |
| Other | |
| Total Cost | 79.2 |

| Funding Source | Amount |
|------------------|--------|
| Federal Receipts | 1007 |
| G. F. Match | 1003 |
| General Funds | 1004 |
| I-A Receipts | 1005 |
| Program Receipts | 1028 |
| CLP Receipts | 1061 |
| Other | |
| | 79.2 |

Justificatic..

Creation of an Authority would require public and media contact services which are currently provided by the Department of Transportation and Public Facilities.

**Request For
New Position**

Agency BRU
Component Administration

Dept. of Transportation and P.F.
Alaska Marine Highway System
Marine Administration

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| | | | |
|------------------|-------------------|------------------------|---------|
| Position Title | | Mail Clerk Carrier III | |
| Time Status | Staff Months | RP Number | |
| PFT | 12.0 | | |
| No. of Positions | Range/Step | Barg. Unit | Disapp. |
| 1 | 09/B | G | |
| Location | Election District | | |
| Juneau | 04 | | |

Justification

Creation of an Authority would require mail delivery and courier services currently provided by the Department of Transportation and Public Facilities.

| Type of Expenditure | Amount |
|-------------------------|--------|
| 1 | 3 |
| 2 | |
| Salary | 20,772 |
| Benefits | 8,343 |
| Premium Pay | |
| Other | |
| Total Personal Services | 29.1 |
| Travel | |
| Contractual | .5 |
| Commodities | .5 |
| Equipment | |
| Other | |
| Total Cost | 30.1 |

| Funding Source | Amount |
|-----------------------|--------|
| Federal Receipts 1002 | |
| G. F. Match 1003 | |
| General Funds 1004 | 30.1 |
| I-A Receipts 1005 | |
| Program Receipts 1028 | |
| CIP Receipts 1061 | |
| Other | |

FY 87

Dept. of Transportation and P.F.
Alaska Marine Highway System

Agency
BRU
Component

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Request For
New Position

Marine Administration
Administration

| | | | |
|-------------------|------|-----------------------|---------|
| Position Title | | Maintenance Worker II | |
| Time Status | PFT | Staff Months | 12.0 |
| No. of Positions | | 1 | |
| Location | | Juneau | |
| Range/Step | 54/A | Barg Unit | UIC |
| Election District | | 04 | |
| Gov. | Leg. | Approv. | Disapp. |

Justification

The legislation exempts the Department of Transportation and Public Facilities from maintenance of the facilities operated by the Authority.

This position will serve as the lead for a maintenance team required to service Alaska Marine Highway System terminals, building, and docks.

| Type of Expenditure | Amount |
|---------------------------|--------|
| 1 | 3 |
| 2 | |
| Salary | 32,391 |
| Benefits | 11,064 |
| Premium Pay 10 hrs OT/mo. | 2,990 |
| Other | |
| Total Personal Services | 46.4 |
| Travel | 13.0 |
| Contractual | .5 |
| Commodities | .5 |
| Equipment | 1.0 |
| Other | |
| Total Cost | 61.4 |
| Funding Source | |
| Federal Receipts 1002 | |
| G. F. Match 1003 | |
| General Funds 1004 | 61.4 |
| I-A Receipts 1005 | |
| Program Receipts 1028 | |
| CIP Receipts 1061 | |
| Other | |

FY 87

Dept. of Transportation and P.F.
 Alaska Marine Highway System
 Marine Facilities Engineering
 Management

Agency
 BRU
 Component

**Request For
 New Position**

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| | | | | | | | | | | | |
|--|--|-----------------------|--|--|--|-------------------------|--|--------------|--|---------|--|
| Position Title Maintenance Worker I | | No. of Positions 1 | | Range/Step 55/A | | Barg. Unit LIC | | Gov. Approv. | | Disapp. | |
| Time Status PFT | | Staff Months 12.0 | | Location Juneau | | Election District 04 | | Leg. | | | |
| RP Number | | Justification | | | | | | | | | |
| Type of Expenditure | | Amount | | The legislation exempts the Department of Transportation and Public Facilities from maintenance of the facilities operated by the Authority. | | | | | | | |
| 1 | | 3 | | This position is part of a three position maintenance team required to service Alaska Marine Highway System terminals, buildings, and docks. | | | | | | | |
| Salary | | 30,592 | | | | | | | | | |
| Benefit | | 10,561 | | | | | | | | | |
| Premium Pay 10 hrs OT/mo. | | 2,825 | | | | | | | | | |
| Other | | | | | | | | | | | |
| Total Personal Services | | 44.0 | | | | | | | | | |
| Travel | | 13.0 | | | | | | | | | |
| Contractual | | .5 | | | | | | | | | |
| Commodities | | .5 | | | | | | | | | |
| Equipment | | 1.0 | | | | | | | | | |
| Other | | | | | | | | | | | |
| Total Cost | | 59.0 | | | | | | | | | |
| Funding Source | | | | | | | | | | | |
| Federal Receipts 1002 | | | | | | | | | | | |
| G. F. Match 1003 | | | | | | | | | | | |
| General Funds 1004 | | 59.0 | | | | | | | | | |
| I-A Receipts 1005 | | | | | | | | | | | |
| Program Receipts 1028 | | | | | | | | | | | |
| CIP Receipts 1061 | | | | | | | | | | | |
| Other | | | | | | | | | | | |

**Request For
New Position**

Agency
BRU
Component

Dept. of Transportation and P.F.
Alaska Marine Highway System
Marine Facilities Engineering
Management

FY 87

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Revised Date

| | | | | | |
|---------------------|---------------------------|----------------------|--------|-----------|--|
| Position Title | | Maintenance Worker I | | RP Number | |
| Time Status | PFT | Staff Months | 12.0 | | |
| Type of Expenditure | | | | Amount | |
| 1 | | 2 | | 3 | |
| | Salary | | 30,592 | | |
| | Benefits | | 10,561 | | |
| | Premium Pay 10 hrs OT/mo. | | 2,825 | | |
| | Other | | | | |
| | Total Personal Services | | | 44.0 | |
| | Travel | | | 13.0 | |
| | Commutal | | | .5 | |
| | Commutities | | | .5 | |
| | Equipment | | | 1.0 | |
| | Other | | | | |
| | Total Cost | | | 59.0 | |
| Funding Source | | | | | |
| | Federal Receipts | | 1002 | | |
| | G. E. Match | | 1003 | | |
| | General Funds | | 1004 | 59.0 | |
| | I-A Receipts | | 1005 | | |
| | Program Receipts | | 1028 | | |
| | CIP Receipts | | 1061 | | |
| | Other | | | | |

| | | | | | | | | |
|------------------|--------|-------------------|-----|------------|-----|------|------|---------|
| No. of Positions | 1 | Range/Step | 55A | Barq. Unit | ETC | Gov. | Leg. | Disapp. |
| Location | Juneau | Election District | 04 | | | | | |

Justification

The legislation exempts the Department of Transportation and Public Facilities from maintenance of the facilities operated by the Authority.

This position is part of a three position maintenance team required to service Alaska Marine Highway System terminals, buildings, and dock's.

FY 87

Dept. of Transportation and P.F.
 Alaska Marine Highway System
 Agency BRU
 Marine Facilities Engineering
 Component Management

Request For
 New Position

Page 14 of 14
 Revised Date

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No.: HB - #23

Title: Alaska Marine Highway System Authority

Sponsor: CATO

Requestor: _____

Date of Request: _____

FISCAL DETAIL

Agency Affected: DOT/PF

Program Category Affected: Marine Transportation

ERU, Program or Subprogram(s) Affected: _____

Marine Administration

EXPENDITURES/REVENUES: (Thousands of Dollars)

| | FY 85 | FY 87 | FY 88 | FY 89 | FY 90 | FY 91 |
|------------------------|---------------|--------------|--------------|--------------|--------------|--------------|
| OPERATING | | | | | | |
| 100 PERSONAL SERVICES | 346.6 | 367.4 | 389.5 | 412.8 | 437.6 | 463.9 |
| 200 TRAVEL | 123.0 | 130.4 | 138.2 | 146.5 | 155.3 | 164.6 |
| 300 CONTRACTUAL | 417.7 | 34.7 | 36.8 | 39.0 | 41.3 | 43.8 |
| 400 SUPPLIES | 81.8 | 17.8 | 18.9 | 20.0 | 21.2 | 22.5 |
| 500 EQUIPMENT | 50.0 | 0 | 5.0 | 0 | 5.0 | |
| 600 LAND & STRUCTURES | | | | | | |
| 700 GRANTS, CLAIMS | | | | | | |
| 800 MISCELLANEOUS | | | | | | |
| TOTAL OPERATING | 1019.1 | 550.3 | 588.4 | 618.3 | 660.4 | 694.8 |

| | | | | | | |
|---------|--|--|--|--|--|--|
| CAPITAL | | | | | | |
|---------|--|--|--|--|--|--|

| | | | | | | |
|---------|--|--|--|--|--|--|
| REVENUE | | | | | | |
|---------|--|--|--|--|--|--|

FUNDING: (Thousands of Dollars)

| | | | | | | |
|---------------|--------|-------|-------|-------|-------|-------|
| GENERAL FUND | 1019.1 | 550.3 | 588.4 | 618.3 | 660.4 | 694.8 |
| FEDERAL FUNDS | | | | | | |
| OTHER | | | | | | |
| TOTAL | | | | | | |

POSITIONS:

| | | | | | | |
|-----------|----|----|----|----|----|----|
| FULL-TIME | 12 | 12 | 12 | 12 | 12 | 12 |
| PART-TIME | | | | | | |
| TEMPORARY | | | | | | |

ANALYSIS: Attach a separate page if necessary
See attached Justifications

Prepared By: Joe D. Camp
Alaska Marine Highway System

Phone: 465-3955

Date: 01-17-85

Approved by Commissioner: [Signature] Date: 1/22/85
Agency: Department of Transportation & Public Facilities

Distribution (by Agency preparing fiscal note):

Legislative Finance

Legislative Sponsor

Requestor

and Budget

IV Analysis

During FY 84 Department of Transportation and Public Facilities completed a program of reorganization. Basically, the efforts were toward regionalization of the department and decentralization of the functions within its operation. As a result, Marine Highway System has become a "region" or a stand alone operating unit with four Divisions headed by a Deputy Commissioner.

After almost a year of operating at the new level, Alaska Marine Highway System has "shaken-down" internally with planned organizational adjustments to ensure all functions previously accomplished outside the system are covered. The current organization with a minimum of twelve identified personnel additions would be required for independent operation as "Alaska Marine Highway Authority". The new positions required are identified on the attached Fiscal Note.

No funds for increased operations are being requested in this fiscal note. Any increase in vessel operations would require additional funds whether the system is managed as an authority or under the present organization within Department of Transportation and Public Facilities.

It is assumed the Authority would utilize the State Accounting System where possible just as the current organization will. The Alaska Marine Highway System's FY 86 Capital Budget request includes \$1.0 million for design of the software necessary to enable various accounting, time and attendance, leave accounting, and personnel record keeping functions which are unique to the Marine Highway System to interface with the State accounting system. Additional funds will be requested in the FY 87 C.I.P. Budget to complete this program. These new systems will also complement the Alaska Marine Highway System Computer Reservation System. The requirements will remain the same under the current organization or an authority.

The following assumptions were made:

1. The "Alaska Marine Highway Authority's" time and attendance, personnel, and accounting systems would interface the existing State systems and be compatible.
2. There would be an annual appropriation for full operating costs of the authority each year that would be made up of expected revenue, i.e. programmed receipts, and a general fund subsidy to cover the remainder.

3. Inflation factor of six percent (6) for future years.
4. "Authority" would continue to use:
 - A. State owned office buildings.
 - B. The State Mail System.
 - C. The State equipment fleet.
 - D. The statewide purchasing contracts (i.e. fuel).
 - E. "Shared" communications lines.
 - F. Insurance, bonding, etc., as now supplied.
 - G. Legal service from the Attorney General's office.
5. FY 86 one-time start up funds would be \$260.0 for Legal Services, \$125.0 additional space rental, and \$65.0 for Commodities, i.e., office supplies, etc., and \$50.0 for equipment.
6. No transfers of positions would be made from Department of Transportation and Public Facilities and actual increases would be those identified in each B.R.U. of Alaska Marine Highway System.
7. The Directors of the Authority would meet an average three days per month or thirty-six days per year. Travel and per diem for these meetings are included in the fiscal note.
8. Administrative support would be provided to the Board of Directors from the existing staff.
9. The position of Deputy Commissioner would be converted to Executive Director.
10. The present organization consisting of four Divisions would be retained and the Division Director positions would be converted to the classified service.

HP 23: An Act relating to ferries and ferrv terminals and
establishing the Alaska Marine Highway Authority.

The Department of Transportation and Public Facilities is opposed to the creation of an authority to operate the Alaska Marine Highway System. The concept of an authority appears to be to harness the private sector motivations for efficiency with the understanding that an Authority basically is a self-sufficient entity and yet it is envisioned as an Authority with certain powers of the State that private industry does not have, such as the rights of eminent domain and access to government bond markets. In the case of the Marine Highway System, however, revenues amount to approximately 50% of the operating cost, with no contribution to capital requirements. With this large of a reliance on the General Fund, it is constitutionally a mandate that the executive branch maintain more direct control. In fact, an Authority, with an independent board of directors, even to the extent all may be appointed by the Governor, creates an additional administrative layer insulated from the Executive Branch, not responsive to the electorate's mandates as regards to the Executive Branch and yet drawing a significant amount of its operating monies directly from the General Fund. What you have in this case is an entity that is shielded from public pressures of concern vis-a-vis a board of directors that is interjected into the line of command from the Governor and at the same time freed from the private sector incentive for efficiency that was initially envisioned in the concept of Authorities; and because of the large amount of monies drawn from the General Fund yield no approximation to a balance between operating cost and revenues.

The past performance problems associated with the Marine Highway System are well understood by the Governor, the Commissioner, Department of Transportation and Public Facilities and the Deputy Commissioner, Alaska Marine Highway System, all of whom are currently addressing those problems with a measurable degree of success. Additional improvements are being made continually as a result of the recommendations of the Governor's Task Force, the Legislature and the public. Recent changes in the reservation system, the uniform appearance of terminal agents, cost reductions in ship operations and overhaul, additional sailings of vessels and upgrade of radars on vessels are examples of improvements made since the reorganization and elevation of the Marine Highway System to the status of a region within the Department of Transportation and Public Facilities.

We believe the reorganization completed last year has provided the mechanism to continue improvements and accomplish anything an authority would be able to do.

| | | | | |
|---------------------|-------------------|-----------|---------|----------|
| BRU PRIORITY 19A | BANK, UNIT S | PAGE/LINE | APPROV. | DIS/APP. |
| LOCATION | ELECTION DISTRICT | | | |

JUSTIFICATION

Creation of an Authority would require the addition of a Computer Section to replace services provided by the Department of Transportation and Public Facilities.

This position will be the Supervisor level for a computer section.

| POSTING TITLE | STAFF POSITIONS | RP NUMBER | PCH NUMBER |
|--------------------------|-----------------|-----------|------------|
| Computer Manager J | 12 | | |
| EDP | | | |
| CLASSIFICATION LEVEL | ADDITION | | Amount |
| 1 | 2 | | |
| PERSONAL SERVICES | | | |
| 5. Salary | | | 41.8 |
| 6. Benefits | | | 2.0 |
| 7. Supplemental Benefits | | | 2.0 |
| 8. Fringe Benefits | | | 5.0 |
| TOTAL PERSONAL SERVICES | | | |
| | | 01 | |
| 10. Travel | | 02 | |
| 11. Contractual | | 03 | |
| 12. Commodities | | 04 | |
| 13. Equipment | | 05 | |
| 14. Other | | | |
| 15. Total Cost | | | 50.8 |

| RECEIPT CODE | FUNDING SOURCE |
|--------------|-----------------------|
| | Federal Receipts 1002 |
| | G.F. Match 1003 |
| | General Funds 1004 |
| | I-A Receipts 1005 |
| | Program Receipts 1020 |
| | Other |
| | 50.8 |

FOR BRU USE ONLY
KEY NUMBER

FY 86

AGENCY Transportation & Public Facilities

PROGRAM Marine Transportation

BRU Administrative Support

COMPONENT Administrative Support

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 Revised Date

REQUEST FOR
NEW POSITION

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | | | |
|---|---|---|---------------------------|--|-------------------|--|-----------------------|---|--------------------|---|----------------|--|----|--|----|---|----|---|----|--|--|--|--|
| Request Form Systems Analyst | | TYPE OF POSITION EDP | STAFF MONTHS 12 | RP NUMBER | PCN NUMBER | RAVCL/STEP 18A | ORG. UNIT S | PAGE/LINE ELECTION DISTRICT | GOV. LCC | APPROV. | DISAPP. | | | | | | | | | | | | |
| AGENCY Transportation & Public Facilities | | PROGRAM Marine Transportation | | DRU Administrative Support | | COMPO. VENT Administrative Support | | AGENCY Transportation & Public Facilities | | PROGRAM Marine Transportation | | DRU Administrative Support | | COMPO. VENT Administrative Support | | AGENCY Transportation & Public Facilities | | PROGRAM Marine Transportation | | DRU Administrative Support | | COMPO. VENT Administrative Support | |
| 1. POSITION TITLE Systems Analyst | | 2. TYPE OF POSITION EDP | | 3. STAFF MONTHS 12 | | 4. RP NUMBER | | 5. PCN NUMBER | | 6. RAVCL/STEP 18A | | 7. ORG. UNIT S | | 8. PAGE/LINE ELECTION DISTRICT | | 9. GOV. LCC | | 10. APPROV. | | 11. DISAPP. | | | |
| 12. AGENCY Transportation & Public Facilities | | 13. PROGRAM Marine Transportation | | 14. DRU Administrative Support | | 15. COMPO. VENT Administrative Support | | 16. AGENCY Transportation & Public Facilities | | 17. PROGRAM Marine Transportation | | 18. DRU Administrative Support | | 19. COMPO. VENT Administrative Support | | 20. AGENCY Transportation & Public Facilities | | 21. PROGRAM Marine Transportation | | 22. DRU Administrative Support | | 23. COMPO. VENT Administrative Support | |
| 1. POSITION TITLE Systems Analyst | | 2. TYPE OF POSITION EDP | | 3. STAFF MONTHS 12 | | 4. RP NUMBER | | 5. PCN NUMBER | | 6. RAVCL/STEP 18A | | 7. ORG. UNIT S | | 8. PAGE/LINE ELECTION DISTRICT | | 9. GOV. LCC | | 10. APPROV. | | 11. DISAPP. | | | |
| 12. AGENCY Transportation & Public Facilities | | 13. PROGRAM Marine Transportation | | 14. DRU Administrative Support | | 15. COMPO. VENT Administrative Support | | 16. AGENCY Transportation & Public Facilities | | 17. PROGRAM Marine Transportation | | 18. DRU Administrative Support | | 19. COMPO. VENT Administrative Support | | 20. AGENCY Transportation & Public Facilities | | 21. PROGRAM Marine Transportation | | 22. DRU Administrative Support | | 23. COMPO. VENT Administrative Support | |

The creation of an Authority would require the addition of a Computer Section to replace services provided by the Department of Transportation and Public Facilities.

This position will provide the link between the Alaska Marine Highway System and EDP services.

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REQUEST FOR
 NEW POSITION

| | | | | | | | | |
|---|---------------------------------------|--------------|-----------|------------|----------------|-------------------|---------|---------|
| 1 | POSITION TITLE Information Officer | STAFF NUMBER | RP NUMBER | PCH NUMBER | BRG. UNIT G | PAGE/LINE | APPROV. | DISAPP. |
| 2 | TITLE OF POSITION Admin. | | | | LOCATION | ELECTION DISTRICT | GOV. | |
| 3 | BRG. UNIT 17A | | | | | | LCC. | |
| 4 | BRG. PRIORITY | | | | | | | |

| | | |
|-----|---------------------------|--------|
| 5. | FUNCTIONAL SERVICES | AMOUNT |
| 6. | Salary | 36.4 |
| 7. | Benefits | 4.0 |
| 8. | Supplemental Benefits | 25.0 |
| 9. | Fired Benefits | 2.0 |
| 10. | Total Functional Services | 67.4 |
| 11. | Travel | |
| 12. | Contractual | |
| 13. | Commodities | |
| 14. | Equipment | |
| 15. | Other | |
| 16. | Total Cost | |

| | | |
|-----|--------------|-----------------------|
| 16. | RECEIPT CODE | FUNDING SOURCE |
| 17. | | Federal Receipts 1002 |
| 18. | | G.F. Hatch 1003 |
| 19. | | General Funds 1004 |
| 20. | | I-A Receipts 1005 |
| 21. | | Program Receipts 1020 |
| 22. | | Other |
| 23. | | |
| 24. | | |
| 25. | | |

JUSTIFICATION

Creation of an Authority would require the addition of an Information Officer to replace services provided by the Department of Transportation and Public Facilities.

This position will provide public and media contact.

AGENCY Transportation & Public Facilities

PROGRAM Marine Transportation

BRU Administrative Support

COMPONENT Administrative Support

FY 86

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REQUEST FOR
NEW POSITION

| | | | | | | | | | | |
|----|------------------------------------|--------------------|-----------|------------|-------------------|--------------|-----------------|-----------|---------|----------|
| 1 | POSITION TITLE Internal Auditor | STAFF NUMBER 12 | RP NUMBER | PCN NUMBER | RANGE/STEP 16A | BRU PRIORITY | UARG. UNIT 6 | PAGE/LINE | APPROV. | DISAPPR. |
| 2 | TYPE OF POSITION | ADDITION | | | ELECTION DISTRICT | COV. | LOCATION | | | |
| 3 | CLASSIFICATION LEVEL | | | | | LEG. | | | | |
| 4 | TYPE OF POSITION | ADDITION | | AMOUNT | | | | | | |
| 5 | TECHNICAL SERVICES | | 7 | | | | | | | |
| 6 | Salary | | | | | | | | | |
| 7 | Benefits | | | | | | | | | |
| 8 | Supplemental Benefits | | | | | | | | | |
| 9 | Fixed Benefits | | | | | | | | | |
| 10 | TOTAL TECHNICAL SERVICES | | 01 | 34.0 | | | | | | |
| 11 | Travel | | 02 | 5.0 | | | | | | |
| 12 | Contractual | | 03 | 2.0 | | | | | | |
| 13 | Commodities | | 04 | 1.0 | | | | | | |
| 14 | Equipment | | 05 | | | | | | | |
| 15 | Other | | | | | | | | | |
| | TOTAL COST | | | 42.0 | | | | | | |

JUSTIFICATION

Creation of an Authority would require the addition of an Audit Section to replace services provided by the Department of Transportation and Public Facilities.

This position will provide in-house auditing to assure compliance with State Rules and Regulations.

| RECEIPT CODE | FUNDING SOURCE | AMOUNT |
|--------------|-----------------------|--------|
| | Federal Receipts 1002 | |
| | G.F. Match 1003 | |
| | General Funds 1004 | |
| | I-A Receipts 1005 | 42.0 |
| | Program Receipts 1020 | |
| | Other | |

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| | | | | | | | | | |
|------------------------------------|-------------------------|--------------------|-----------|------------|-------------------|-----------------|-------------------|---------|----------|
| POSTING TITLE Computer Operator | | STAFF NUMBER 12 | RP NUMBER | PC# NUMBER | RANGE/SLIP 14A | UNRG. UNIT 6 | PAGE/LINE | APPROV. | DIS/APP. |
| JOB POSITION EDP | | ADDITION | | | BRU PRIORITY | LOCATION | ELECTION DISTRICT | COV. | LEG. |
| CLASSIFICATION LEVEL 1 | | ADDITION | 7 | | | | | | |
| JOB OR EMPLOYMENT | | | | | | | | | |
| FUNDING SOURCE | | | | | | | | | |
| 5. | Salary | | | | | | | | |
| 6. | Benefits | | | | | | | | |
| 7. | Supplemental Benefits | | | | | | | | |
| 8. | Fixed Benefits | | | | | | | | |
| 9. | TOTAL PERSONAL SERVICES | 01 | | 28.8 | | | | | |
| 10. | Travel | 02 | | | | | | | |
| 11. | Contractual | 03 | | .1 | | | | | |
| 12. | Commodities | 04 | | .6 | | | | | |
| 13. | Equipment | 05 | | | | | | | |
| 14. | Other | | | | | | | | |
| 15. | TOTAL COST | | | 29.5 | | | | | |
| RECEIPT CODE | | FUNDING SOURCE | | | | | | | |
| 16. | | Federal Receipts | 1002 | | | | | | |
| 17. | | G.F. Hatch | 1003 | | | | | | |
| 18. | | General Funds | 1004 | 29.5 | | | | | |
| 19. | | I-A Receipts | 1005 | | | | | | |
| 20. | | Program Receipts | 1020 | | | | | | |
| 21. | | Other | | | | | | | |

JUSTIFICATION

Creation of an Authority would require the addition of a Computer Section to replace services provided by the Department of Transportation and Public Facilities.

This position will operate the Alaska Marine Highway System computers.

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PER NUMBER

AGENCY Transportation & Public Facilities

PROGRAM Marine Transportation

BRU Administrative Support

COMPONENT Administrative Support

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REQUEST FOR
NEW POSITION

| | | | | | | | | | | |
|---|--|-----------------|--|-----------|------------|-------------------|--|------|---------|---------|
| 1. Position Title Mail Carrier Clerk III | | STAFF POSITIONS | | RP NUMBER | PER NUMBER | PAGE/LINE | | GOV. | APPROV. | DISAPP. |
| 2. TYPE OF POSITION | | ADDITIONAL | | | | ELECTION DISTRICT | | CCG | | |
| 3. CLASSIFICATION LEVEL | | ADDITIONAL | | | | LOCATION | | | | |
| 4. Type of Contribution | | ADDITIONAL | | | Amount | | | | | |
| 5. LANGUAGE SERVICES | | ADDITIONAL | | 7 | 3 | | | | | |
| 6. Salary | | ADDITIONAL | | | | | | | | |
| 7. Benefits | | ADDITIONAL | | | | | | | | |
| 8. Supplemental Benefits | | ADDITIONAL | | | | | | | | |
| 9. Fixed Benefits | | ADDITIONAL | | | | | | | | |
| 10. TOTAL PERSONAL SERVICES | | ADDITIONAL | | 01 | 21.0 | | | | | |
| 11. Travel | | ADDITIONAL | | 02 | | | | | | |
| 12. Contractual | | ADDITIONAL | | 03 | .5 | | | | | |
| 13. Commodities | | ADDITIONAL | | 04 | .1 | | | | | |
| 14. Equipment | | ADDITIONAL | | 05 | | | | | | |
| 15. Other | | ADDITIONAL | | | | | | | | |
| 16. Total Cost | | ADDITIONAL | | | 21.6 | | | | | |
| 17. RECEIPT CODE | | ADDITIONAL | | | | | | | | |
| 18. FUNDING SOURCE | | ADDITIONAL | | | | | | | | |
| 19. Federal Receipts 1002 | | ADDITIONAL | | | | | | | | |
| 20. G.F. Match 1003 | | ADDITIONAL | | | | | | | | |
| 21. General Funds 1004 | | ADDITIONAL | | | 21.6 | | | | | |
| 22. I-A Receipts 1005 | | ADDITIONAL | | | | | | | | |
| 23. Program Receipts 1020 | | ADDITIONAL | | | | | | | | |
| 24. Other | | ADDITIONAL | | | | | | | | |

JUSTIFICATION

Creation of an Authority would require the addition of a Mail Section to replace services provided by the Department of Transportation and Public Facilities.

This position will provide the mail delivery link for the Alaska Marine Highway System.

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NEW NUMBER

AGENCY Transportation & Public Facilities

PROGRAM Marine Transportation

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REQUEST FOR
NEW POSITION

| | | | | | | |
|-------------------|--------------|-----------------|--------------------------------|--------------|---------|---------|
| RANGE/SLIP 09A | BRU PRIORITY | DEPT. UNIT G | PAGE/LINE ELECTION DISTRICT | GOV. LEG. | APPROV. | DISCIP. |
|-------------------|--------------|-----------------|--------------------------------|--------------|---------|---------|

JUSTIFICATION

Creation of an Authority would require the addition of a Computer Section to replace services provided by the Department of Transportation and Public Facilities.

This position will provide assistance to computer operators.

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 |
|------------------|--------------|-----------|----------|--------|---------------------|-----------------------|----------------|---------------------------|--------|-------------|-------------|-----------|-------|------------|
| TYPE OF POSITION | STAFF NUMBER | RP NUMBER | ADDITION | AMOUNT | FUNCTIONAL SERVICES | Supplemental Benefits | Fixed Benefits | Total Functional Services | Travel | Contractual | Commodities | Equipment | Other | TOTAL COST |
| | | | 2 | 3 | | | | 21.0 | | | | | | |
| | | | | | | | | | | | | | | .1 |
| | | | | | | | | | | | | | | .3 |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | 21.4 |

| 16 | 17 | 18 | 19 | 20 | 21 |
|--------------|----------------|------------------|------------|---------------|--------------|
| RECEIPT CODE | FUNDING SOURCE | Federal Receipts | G.F. Hatch | General Funds | I-A Receipts |
| | | 1002 | 1003 | 1004 | 1005 |
| | | | | 21.4 | |
| | | | | | 1020 |
| | | | | | Other |

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| | | | |
|--|--------------------|-----------|------------|
| 1. POSITION TITLE Data Processing Assistant | STAFF MONTHS 12 | RP NUMBER | PCB NUMBER |
| 2. DATE OF POSITION EDP | 12 | | |
| 3. ORGANIZATION LEVEL | AUDITOR | | |
| 4. TYPE OF EXPENDITURE | 1 | 2 | Amount |
| 5. SALARY | | | 20.7 |
| 6. BENEFITS | | | .5 |
| 7. SUPPLEMENTAL BENEFITS | | | .1 |
| 8. FIXED BENEFITS | | | |
| 9. TOTAL PERSONAL SERVICES | 01 | | 21.3 |
| 10. TRAVEL | 02 | | |
| 11. CONTRACTUAL | 03 | | |
| 12. COMMODITIES | 04 | | |
| 13. EQUIPMENT | 05 | | |
| 14. OTHER | | | |
| 15. TOTAL COST | | | 21.3 |

| | | | | | | |
|-------------------|--------------|-----------------|-------------------|------|---------|----------|
| RANGE/STEP 09A | BRU PRIORITY | BARG. UNIT G | PAGE/LINE | COV. | APPROV. | DISAPPR. |
| | | LOCATION AMA | ELECTION DISTRICT | LCC. | | |

JUSTIFICATION

Creation of an Authority would require the addition of a Computer Section to replace service provided by the Department of Transportation and Public Facilities.

This position will provide assistance to computer operations.

| RECEIPT CODE | FUNDING SOURCE | AMOUNT |
|--------------|-----------------------|--------|
| | Federal Receipts 1002 | |
| | G.F. Hatch 1003 | |
| | General Funds 1004 | 21.3 |
| | I-A Receipts 1005 | |
| | Program Receipts 1028 | |
| | Other | |

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REQUEST FOR
NEW POSITION

| | | | | | | | |
|---------------------------------------|--|-------------------|--|---------|--|---------|--|
| POSITION TITLE Maintenance Foreman | | PAGE/LINE | | APPROV. | | DISAPP. | |
| PART OF POSITION | | ELECTION DISTRICT | | COV. | | | |
| STAFF RATINGS | | LTC | | LCC. | | | |
| 12 | | LOCATION | | | | | |
| ADDITION | | URG. UNIT | | | | | |
| 7 | | LTC | | | | | |
| 1 | | PCH NUMBER | | | | | |
| 3 | | Amount | | | | | |
| 4 | | 3 | | | | | |

| NO. | DESCRIPTION | UNIT | AMOUNT |
|-----|-------------------------|------|--------|
| 5. | SALARY | 01 | 27.0 |
| 6. | BENEFITS | 02 | |
| 7. | SUPPLEMENTAL BENEFITS | 03 | |
| 8. | FIXED BENEFITS | 04 | .2 |
| 9. | TOTAL PERSONAL SERVICES | 05 | .1 |
| 10. | TRAVEL | | |
| 11. | CONTRACTUAL | | |
| 12. | COMMODITIES | | |
| 13. | EQUIPMENT | | |
| 14. | OTHER | | |
| 15. | TOTAL COST | | 28.2 |

| RECEIPT CODE | FUNDING SOURCE | AMOUNT |
|--------------|-----------------------|--------|
| 16. | Federal Receipts 1002 | |
| 17. | G.F. Hatch 1003 | |
| 18. | General Funds 1004 | 28.2 |
| 19. | I-A Receipts 1005 | |
| 20. | Program Receipts 1020 | |
| 21. | Other | |

FOR USE ONLY
ACR NUMBER

AGENCY Transportation & Public Facilities

PROGRAM Marine Transportation

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COMPONENT Administrative Support

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REQUEST FOR
NEW POSITION

| | | | | | | | | | | |
|----|-----------------------------------|--------------------|-----------|------------|--|-------------------|--------------------------------|--------------|---------|---------|
| 1 | POSITION TITLE Maintenance Man | STAFF MONTHS 12 | RP NUMBER | PCH NUMBER | RANGE/SIIP WG 56 | BARC. UNIT LTC | PAGE/LINE ELECTION DISTRICT | GOV. LEG. | APPROV. | DISCIP. |
| 2 | TYPE OF POSITION | | | | BRU PRIORITY | LOCATION | | | | |
| 3 | CLASSIFICATION LEVEL | | | | JUSTIFICATION | | | | | |
| 4 | TYPE OF ESTABLISHMENT | | | | Creation of an Authority would require the addition of a Maintenance Section to replace services provided by the Department of Transportation and Public Facilities. | | | | | |
| 5 | 1 | | 7 | | This position will maintain Alaska Marine Highway System terminals, buildings and docks. | | | | | |
| 6 | PERSONAL SERVICES | | | | | | | | | |
| 7 | Salary | | | 24.7 | | | | | | |
| 8 | Benefits | | | .1 | | | | | | |
| 9 | Supplemental Benefits | | | 1.0 | | | | | | |
| 10 | Fixed Benefits | | | 25.8 | | | | | | |
| 11 | TOTAL PERSONAL SERVICES | | | | | | | | | |
| 12 | Travel | | | | | | | | | |
| 13 | Contractual | | | | | | | | | |
| 14 | Commodities | | | | | | | | | |
| 15 | Equipment | | | | | | | | | |
| 16 | Other | | | | | | | | | |
| 17 | TOTAL COST | | | | | | | | | |

| RECEIPT CODE | FUNDING SOURCE |
|--------------|-----------------------|
| 16. | Federal Receipts 1002 |
| 17. | C.F. Match 1003 |
| 18. | General Funds 1004 |
| 19. | I-A Receipts 1005 |
| 20. | Program Receipts 1020 |
| 21. | Other |

FOR BSA USE ONLY
KEY NUMBER _____

AGENCY Transportation & Public Facilities

PROGRAM Marine Transportation

BRU Administrative Support

COMPONENT Administrative Support

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**REQUEST FOR
NEW POSITION**

| | | | | | | | | | |
|--------------------------------------|--|--------------------|--|----------------|------------|-------------------|--|---------|---------|
| 1. POSITION TITLE Maintenance Man | | STAFF MONTHS 12 | | RP NUMBER | PCN NUMBER | PAGE/LINE | | APPROV. | DISAPP. |
| 2. TYPE OF POSITION | | ADDITION | | | | ELECTION DISTRICT | | CON. | CC. |
| 3. ACCOUNTING LEVEL | | 1 | | 2 | | | | | |
| 4. TYPE OF CONTRACT | | 1 | | | Amount | | | | |
| 5. FUNDING SURVEYS | | | | | 23.4 | | | | |
| 6. Salary | | | | | | | | | |
| 7. Benefits | | | | | .1 | | | | |
| 8. Supplemental Benefits | | | | | .2 | | | | |
| 9. Fixed Benefits | | | | | | | | | |
| 10. Total Financial SURVEYS | | | | 01 | | | | | |
| 11. Travel | | | | 02 | | | | | |
| 12. Contractual | | | | 03 | | | | | |
| 13. Commodities | | | | 04 | | | | | |
| 14. Equipment | | | | 05 | | | | | |
| 15. Other | | | | | | | | | |
| 16. Total COST | | | | | 23.7 | | | | |
| 17. RECEIPT CODE | | | | FUNDING SOURCE | | | | | |
| 18. Federal Receipts | | | | 1002 | | | | | |
| 19. G.F. Match | | | | 1003 | | | | | |
| 20. General Funds | | | | 1004 | 23.7 | | | | |
| 21. I-A Receipts | | | | 1005 | | | | | |
| 22. Program Receipts | | | | 1020 | | | | | |
| 23. Other | | | | | | | | | |

Creation of an Authority would require the addition of a Maintenance Section to replace services provided by the Department of Transportation and Public Facilities.

This position will maintain Alaska Marine Highway System terminals, building and docks.

JUSTIFICATION

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REQUEST FOR
NEW POSITION

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| | | | | | | | | | | | | | |
|-------------------------------|--|--------------------|--|-----------|--|------------|--|-------------------|--|------|--|---------|--|
| 1. TITLE Computer Operator | | STAFF MONTHS 12 | | RP NUMBER | | PCN NUMBER | | PAGE/LINE | | GOV. | | DISNTP. | |
| 2. TYPE OF POSITION EDP | | ADDITION | | 2 | | 3 | | ELECTION DISTRICT | | LOC. | | | |
| 3. CHARACTER LEVEL | | ADDITION | | 2 | | 3 | | LOCATION | | GOV. | | DISNTP. | |
| 4. TYPE OF CONTRIBUTION | | ADDITION | | 2 | | 3 | | LOCATION | | GOV. | | DISNTP. | |
| 5. PERSONAL SERVICES | | ADDITION | | 2 | | 3 | | LOCATION | | GOV. | | DISNTP. | |
| 6. Salary | | ADDITION | | 2 | | 3 | | LOCATION | | GOV. | | DISNTP. | |
| 7. Benefits | | ADDITION | | 2 | | 3 | | LOCATION | | GOV. | | DISNTP. | |
| 8. Supplemental Benefits | | ADDITION | | 2 | | 3 | | LOCATION | | GOV. | | DISNTP. | |
| 9. Fixed Benefits | | ADDITION | | 2 | | 3 | | LOCATION | | GOV. | | DISNTP. | |
| 10. TOTAL PERSONAL SERVICES | | ADDITION | | 2 | | 3 | | LOCATION | | GOV. | | DISNTP. | |
| 11. Travel | | ADDITION | | 2 | | 3 | | LOCATION | | GOV. | | DISNTP. | |
| 12. Contractual | | ADDITION | | 2 | | 3 | | LOCATION | | GOV. | | DISNTP. | |
| 13. Commodities | | ADDITION | | 2 | | 3 | | LOCATION | | GOV. | | DISNTP. | |
| 14. Equipment | | ADDITION | | 2 | | 3 | | LOCATION | | GOV. | | DISNTP. | |
| 15. Other | | ADDITION | | 2 | | 3 | | LOCATION | | GOV. | | DISNTP. | |
| 16. Total Cost | | ADDITION | | 2 | | 3 | | LOCATION | | GOV. | | DISNTP. | |
| 17. RECEIPT CODE | | ADDITION | | 2 | | 3 | | LOCATION | | GOV. | | DISNTP. | |
| 18. Federal Receipts 1002 | | ADDITION | | 2 | | 3 | | LOCATION | | GOV. | | DISNTP. | |
| 19. G.F. Hatch 1003 | | ADDITION | | 2 | | 3 | | LOCATION | | GOV. | | DISNTP. | |
| 20. General Funds 1004 | | ADDITION | | 2 | | 3 | | LOCATION | | GOV. | | DISNTP. | |
| 21. I-A Receipts 1005 | | ADDITION | | 2 | | 3 | | LOCATION | | GOV. | | DISNTP. | |
| 22. Program Receipts 1020 | | ADDITION | | 2 | | 3 | | LOCATION | | GOV. | | DISNTP. | |
| 23. Other | | ADDITION | | 2 | | 3 | | LOCATION | | GOV. | | DISNTP. | |

Creation of an Authority would require the addition of a Computer Section to replace services provided by the Department of Transportation and Public Facilities.

This position will operate the Alaska Marine Highway System computers.

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KEY NUMBER

AGENCY Transportation & Public Facilities

PROGRAM Marine Transportation

DRU Administrative Support

COMPONENT Administrative Support

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FY 86

REQUEST FOR
NEW POSITION

HOUSE BILL 23

" AN ACT RELATING TO FERRIES AND FERRY TERMINALS AND ESTABLISHING THE ALASKA MARINE HIGHWAY AUTHORITY."

DURING THE INTERIM OF THE 12TH LEGISLATURE, THE HOUSE TRANSPORTATION COMMITTEE CENTERED ITS EFFORTS ON STUDYING THE DEPARTMENT OF TRANSPORTATION/PUBLIC FACILITIES. THE COMMITTEE WAS PRESENTED WITH VARIOUS MATERIALS AND INFORMATION RELATING TO TRANSPORTATION AND THERE HAVE BEEN MANY ISSUES THAT NEEDED FURTHER STUDY.

TO ASSIST THE COMMITTEE IN ITS INQUIRY, THE COMMITTEE CONTRACTED KASILOF ASSOCIATES. A PACKAGE OF TRANSPORTATION BILLS WERE INTRODUCED BY THE COMMITTEE THE FOLLOWING SESSION, AND AMONG THEM WAS THE MARINE HIGHWAY AUTHORITY BILL.

THAT BILL, HOUSE BILL 651 MADE IT THROUGH THE HOUSE, IN AND OUT OF SENATE STATE AFFAIRS, BUT DIED IN SENATE FINANCE.

THE FOLLOWING LEGISLATURE - THE THIRTEENTH LEGISLATURE - I INTRODUCED HOUSE BILL 68 - THE MARINE HIGHWAY AUTHORITY BILL, WITH THE CHANGES WHICH IT HAD BEEN THROUGH THE PREVIOUS YEARS. AGAIN, THE MARINE HIGHWAY AUTHORITY BILL MADE IT THROUGH THE HOUSE, WITH CHANGES AND DIED LAST YEAR IN THE SENATE TRANSPORTATION COMMITTEE.

THIS LEGISLATURE - THE FOURTEENTH LEGISLATURE - I HAVE INTRODUCED HOUSE BILL 23 BY DUPLICATING THE FINANCE COMMITTEE SUBSTITUTE AMENDED BY THE HOUSE OF LAST SESSION.

OBVIOUSLY, THIS BILL HAS BEEN AROUND FOR SOME TIME AND HAS BEEN DISCUSSED IN MANY COMMITTEES. THE BILL SETS UP AN AUTHORITY TO MANAGE AND OPERATE THE FERRY SYSTEM. THE LONG TERM GOAL OF THE LEGISLATION AND INTENT BEHIND ITS FORMULATION HAS BEEN TO MOVE TOWARD INCREASED EFFICIENCY AND ACCOUNTABILITY IN THE SYSTEM. IF

THESE TWO ITEMS ARE RECOGNIZED IT WOULD POSSIBLY REDUCE THE
SUBSIDY. THE SYSTEM IS SUBSIDIZED AT THE RATE OF 50 PER CENT OF
ITS OPERATION.

ONE OF THE QUESTIONS THAT HAS COME UP IN THE PAST IS THE LOSS OF
FEDERAL FUNDS FOLLOWING THE ESTABLISHMENT OF THE AUTHORITY.
FEDERAL FUNDS PRESENTLY ARE USED FOR CAPITAL CONSTRUCTION OF THE
FERRIES THEMSELVES. ONCE IN THE PAST, THE DEPARTMENT OF
TRANSPORTATION DID NOT FEEL THAT FEDERAL FUNDING WOULD BE
JEOPARDIZED AS IT COMES INTO THE GENERAL FUND AND IS REALLOCATED OR
APPROPRIATED TO THE MARINE HIGHWAY SYSTEM.

IT IS POSSIBLE THAT THE CREATION OF THE MARINE HIGHWAY AUTHORITY
WILL CAUSE PROBLEMS IN UTILIZATION OF THE FEDERAL-AID HIGHWAY TRUST
FUND MONIES. THE QUESTION IS, DOES THIS MATTER?

THE NEED FOR REPLACEMENT AND EXPANSIONS OF THE MARINE HIGHWAY SYSTEM IS DOCUMENTED BY THE STUDIES CONDUCTED BY THE DEPARTMENT OF TRANSPORTATION. THE CREATION OF THE AUTHORITY AND THE ABILITY OF THAT AUTHORITY TO FINANCE IMPROVEMENT SHOULD STABILIZE THE LONG-RANGE PROGRAM FOR THE FERRY SYSTEM. SINCE NO PORTION OF THE FEDERAL HIGHWAY FUNDS ARE RESERVED FOR THE MARINE HIGHWAY SYSTEM, THERE WILL BE NO EFFECT OTHER THAN A POSSIBLE MINOR REDUCTION DUE TO A SYSTEM MILEAGE REDUCTION. THIS REDUCTION COULD BE ZEROED OUT BY ADDING RESOURCE DEVELOPMENT ROUTES TO THE SYSTEM.

MY REASONING IS FOR PURSUING THIS LEGISLATION YEAR AFTER YEAR IS THAT DOTPF IS A MONOLITHIC MONSTER THAT IS JUST TOO LARGE FOR ONE COMMISSIONER TO HANDLE AND I TRULY FEEL OVERSIGHT WOULD BE BETTER IF IT WERE SEPARATE. WE HAVE A NUMBER OF PEOPLE WHO AGREE WITH ME WHOM YOU WILL HEAR FROM AS WE CONTINUE TO DISCUSS THIS BILL IN FUTURE MEETINGS.

TAKING A SECTIONAL LOOK AT HOUSE BILL 23:

SECTION 1: THE PURPOSE OF THIS ACT IS TO ESTABLISH AN AUTHORITY FOR THE OPERATION, MANAGEMENT, AND PLANNING AND CONSTRUCTION OF FACILITIES FOR THE MARINE HIGHWAY SYSTEM THAT IS INDEPENDENT OF THE STATE GOVERNMENT. THE AUTHORITY SHALL BE THE EXCLUSIVE STATE AGENCY DIRECTLY ASSOCIATED WITH THE OPERATION, MANAGEMENT, PLANNING AND CONSTRUCTION OF FACILITIES FOR THE MARINE HIGHWAY SYSTEM.

SECTION 2: ADDS A NEW CHAPTER 70 TO TITLE 19. AS 19.70.010
ALASKA MARINE HIGHWAY AUTHORITY

ARTICLE 1

THIS SECTION CREATES THE MARINE HIGHWAY AUTHORITY AS A PUBLIC CORPORATION OF THE STATE. THE AUTHORITY IS AN INSTRUMENTALITY OF THE STATE IN THE DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES BUT HAS A LEGAL EXISTENCE INDEPENDENT OF AND SEPARATE FROM THE STATE AND CONTINUES UNTIL ITS EXISTENCE IS TERMINATED BY LAW.

SECTION 19.70.020 DIRECTORS. THE AUTHORITY CONSISTS OF 7
DIRECTORS APPOINTED BY THE GOVERNOR WITH THE FOLLOWING
QUALIFICATIONS: A REPRESENTATIVE OF COMMERCIAL CARRIERS, A
REPRESENTATIVE OF THE MARITIME INDUSTRY, A REPRESENTATIVE OF THE
TOURISM INDUSTRY AND FOUR MEMBERS OF THE PUBLIC REPRESENTING
REGIONS SERVED BY THE MARINE HIGHWAY - ONE FROM SOUTHEAST, ONE FROM
FROM KODIAK ISLAND, ONE FROM PRINCE WILLIAM SOUND AND ONE FROM THE
INTERIOR. "

MOST LANGUAGE IN THIS SECTION IS FOUND IN EXISTING LAW FOR OTHER
AUTHORITIES OR BOARDS PERTAINING TO QUALIFICATIONS, CONFLICT OF
INTEREST. ETC. DIRECTORS SERVE WITHOUT COMPENSATION, BUT ARE
ENTITLED TO TRAVEL AND PER DIEM EXPENSES.

SECTION 19.70.030 OFFICERS AND QUORUM. THE DIRECTORS ELECT A
CHAIRMAN FROM THEIR NUMBER. THE DIRECTORS SHALL ELECT A SECRETARY
THAT NEED NOT BE ONE OF THE DIRECTORS. FOUR DIRECTORS CONSTITUTE A
QUORUM. MAJORITY MOTIONS OR ACTION MAY BE TAKEN.

SECTION 19.70.040. STAFF. THE AUTHORITY MAY EMPLOY STAFF, MAY CONTRACT FOR SERVICES IN EXERCISING ITS POWERS.

ARTICLE 2 POWERS AND DUTIES

SECTION 19.70.050. POWERS OF THE AUTHORITY SETS OUT POWERS AND OBLIGATIONS OF THE AUTHORITY.

SECTION 19.70.055. DUTIES OF THE AUTHORITY. SETS OUT DUTIES OF THE AUTHORITY.

SECTION 19.70.060. ALASKA MARINE HIGHWAY SYSTEM NAME AUTHORIZED. THE AUTHORITY IS AUTHORIZED TO OPERATE UNDER THAT NAME.

SECTION 19.70.070. COMPREHENSIVE LONG-RANGE PLAN. MANDATES A COMPREHENSIVE LONG RANGE PLAN FOR THE MARINE HIGHWAY SYSTEM THAT SHALL BE UPDATED AT LEAST EVERY FIVE YEARS WHICH REQUIRES LEGISLATIVE APPROVAL OF REVISIONS OR UPDATES .

ARTICLE 3

SECTION 19.70.080 ACQUISITION OF LAND AND EASEMENTS, SETS OUT PROCEDURES THAT THE AUTHORITY UTILIZES TO ACQUIRE PROPERTY.

SECTION 19.870.090 AUTHORITY TO PURCHASE PROPERTY FOR THE PURPOSE OF EXCHANGE ALLOWS THE AUTHORITY TO PURCHASE PROPERTY FOR EXCHANGE.

SECTION 19.70.100 VACATING OF LAND OR RIGHTS IN LAND, THIS SECTION ALLOWS THE AUTHORITY TO VACATE LAND OR USE RIGHTS BY FILING A DEED IN THE APPROPRIATE RECORDING DISTRICT. UPON VACATING, TITLE REVERTS TO PERSONS, HEIRS, SUCCESSORS, OR ASSIGNS IN WHOM IT WAS VESTED AT THE TIME OF THE TAKING. THE AUTHORITY MAY TRANSFER LAND TO THE DEPARTMENT OF NATURAL RESOURCES FOR DISPOSAL, PROCEEDS OF WHICH GO TO THE GENERAL FUND.

ARTICLE 4

SECTION 19.70.110 ACQUISITION AND MAINTENANCE OF FERRY TERMINAL FACILITIES. ALLOW THE AUTHORITY TO CONSTRUCT, PURCHASE, OR LEASE TERMINAL FACILITIES AND REQUIRES THEM TO REPAIR SUCH FACILITIES.

SECTION 19.70.120 CONNECTION OF FACILITIES TO HIGHWAYS. THE AUTHORITY MAY CONNECT FERRY TERMINAL FACILITIES WITH LOCAL HIGHWAY SYSTEM.

SECTION 19.70.130 REGULATIONS AUTHORITY MAY ADOPT REGULATIONS FOR THE USE OF TERMINAL FACILITIES.

SECTION 19.70.140. EXISTING FACILITIES NOT AFFECTED. EXISTING TERMINAL FACILITIES ARE NOT EFFECTED.

ARTICLE 5

SECTION 19.70.150 ANNUAL REPORT. BY JANUARY 15 OF EACH YEAR, THE AUTHORITY SHALL SUBMIT TO THE GOVERNOR AND THE LEGISLATURE A

COMPREHENSIVE REPORT DESCRIBING THE OPERATIONS, INCOME, AND
EXPENDITURES FOR THE PRECEDING FISCAL YEAR.

SECTION 19.70.160 ANNUAL AUDIT RECORDS SHALL BE CHECKED BY A CPA.
ALLOWS LEGISLATIVE AUDITOR TO PRESCRIBE THE FORM AND CONTENT OF
FINANCIAL RECORDS AND HAS ACCESS TO THESE RECORDS AT ANY TIME.

SECTION 19.70.170 BUDGET AND APPROPRIATIONS THE AUTHORITY IS
FUNDED BY THE LEGISLATURE THROUGH THE GOVERNOR BY THE EXECUTIVE
BUDGET ACT. MONEY IS DIRECTLY APPROPRIATED AND MAY BE SPENT AS
AUTHORIZED.

SECTION 19.70.180 NAMING OF VESSEL OF FACILITY. SET GUIDELINES
FOR NAMING

SECTION 19.70.199 DEFINITIONS.

SECTION 3 AS 35.27 APPLICATION TO ALASKA MARINE HIGHWAY AUTHORITY
REQUIRES THE AUTHORITY TO COMPLY TO THIS CHAPTER WITH RESPECT TO
PUBLIC BUILDINGS AND FACILITIES.

SECTION 4-8 OF THE BILL AMENDS EXISTING LAW TO RELATE TO AN
AUTHORITY TO READ "AUTHORITY" INSTEAD OF "DEPARTMENT" GIVING THE
AUTHORITY JURISDICTION IN LAW WHERE THE DEPARTMENT WAS SPECIFIED.

SECTION 9 AS. 19.60.101 - 18.60.70 AND AS 19.65 ARE REPEALED

SECTION 10 SETS OUT APPOINTMENTS FOR THE FIRST DIRECTORS OF THE
ALASKA MARINE HIGHWAY SYSTEM.

Introduced: 1/14/85
Referred: Transportation and
Finance

1 IN THE HOUSE

BY CATO

2

HOUSE BILL NO. 23

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 ferries and ferry terminals and
7 establishing the Alaska Marine Highway Authority."

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

9 * Section 1. PURPOSE. The purpose of this Act is to establish an
10 authority for the operation, management, and planning and construction of
11 facilities for the marine highway system that is independent of the state
12 government. The authority shall be the exclusive state agency directly
13 associated with the operation, management, planning and construction of
14 facilities for the marine highway system.

15 * Sec. 2. AS 19 is amended by adding a new chapter to read:

16 CHAPTER 70. ALASKA MARINE HIGHWAY AUTHORITY.

17 ARTICLE 1. CREATION AND ORGANIZATION.

18 Sec. 19.70.010. ALASKA MARINE HIGHWAY AUTHORITY. The Alaska
19 Marine Highway Authority is established. The authority is a public
20 corporation of the state. The corporation is an instrumentality of
21 the state in the Department of Transportation and Public Facilities
22 but has a legal existence independent of and separate from the state
23 and has continuing succession until its existence is terminated by
24 law.

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

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

6 (b) The directors serve at the pleasure of the governor for
7 four-year terms. Each director shall hold office for the term of the
8 director's appointment and until a successor is appointed and qual-
9 ified. A director is qualified for reappointment. A vacancy in a
10 directorship occurring other than by expiration of term shall be
11 filled in the same manner as the original appointment but only for the
12 unexpired term.

13 (c) The directors must be residents of the state and qualified
14 voters and shall comply with the requirements of AS 39.50 (conflict of
15 interest). Each director before entering upon the director's duties
16 shall take and subscribe to an oath to perform the duties of office
17 faithfully, impartially, and justly to the best of the director's
18 ability. A record of the oath shall be filed with the Office of the
19 Governor.

20 (d) The directors of the authority serve without compensation,
21 but are entitled to travel and per diem expenses as provided in
22 AS 39.20.180.

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

1 affirmative vote of at least four directors. A vacancy in the direc-
2 torship of the authority does not impair the right of a quorum to
3 exercise all the powers and perform all the duties of the authority.

4 Sec. 19.70.040. STAFF. The authority shall employ an executive
5 director who serves at the pleasure of the authority as its chief
6 administrative officer. The executive director may with the approval
7 of the authority select and employ additional staff as necessary.
8 Employees of the authority other than legal counsel and the executive
9 director are in the classified service under AS 39.25. In addition to
10 its staff of regular employees, the authority may contract for and
11 engage the services of consultants, and professional, technical and
12 financial advisors the authority considers necessary for the purpose
13 of developing information, conducting hearings, studies, investiga-
14 tions or other proceedings, or otherwise exercising its powers.

15 ARTICLE 2. POWERS AND DUTIES.

16 Sec. 19.70.050. POWERS OF AUTHORITY. In addition to other
17 powers granted in this chapter, the authority may

- 18 (1) sue and be sued;
- 19 (2) adopt and alter an official seal;
- 20 (3) make and enforce bylaws and regulations for the conduct
21 of its business and for the use of its services and facilities;
- 22 (4) maintain offices at any place in the state and at
23 places out of the state that are served by the marine highway system;
- 24 (5) subject to appropriation by the legislature, acquire,
25 hold, use and dispose of its income, revenues, funds and money;
- 26 (6) acquire, hold, use, lease, rent, construct and dispose
27 of real and personal property for its purposes;
- 28 (7) operate, maintain, improve, and extend a system of
29 ferries connecting with the public roads and highways of the state and

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

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

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

9 (10) modify routes, after public hearings.

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

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

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

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

20 (4) require pre-payment for reservations;

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

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

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

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

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

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

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

9 ARTICLE 3. ACQUISITION OF PROPERTY.

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

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

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

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

9 ARTICLE 4. FERRY TERMINAL FACILITIES.

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

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

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

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

24 ARTICLE 5. GENERAL PROVISIONS.

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

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

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

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

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

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

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

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

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

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

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

1 passengers and self-propelled vehicles in intrastate commerce.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ADMINISTRATION

Purpose and Scope of System:

There is a need to establish guidelines within which the system is operated, expanded and managed that reflect the state's responsibility to meet the needs of Alaskans for surface transportation via the Alaska Marine Highway System (AMHS) between Alaska coastal points and out-of-state connection.

The original concept of the system limited operations to transportation of people, freight and personal vehicles via vessel between ports in Southeast Alaska and to Prince Rupert. This system connected areas where highways did not exist and the cost of highway construction was prohibitive or impossible. As the system developed, service was expanded to points other than those covered by the above criteria (for example: the Seattle run and creation of the Southwest system). Today we have an expanded system that has evolved without "in depth" planning which does not meet reasonable tests for efficiency when viewed from the standpoint of effective use of capital equipment and personnel.

We recommend that guidelines be established to provide criteria covering future expansion of service and quality of service so as to meet the state's responsibility to provide basic marine highway service to the traveling public. In recognition of the

less subject to political pressures and designed to provide continuity is necessary. Three possible alternatives in order of their priority are:

1. Creation of a purely independent public corporation to operate the AMHS.
2. Operation and management of AMHS to be transferred from DOT/PF to an organizational structure similar to that being considered for the Alaska Railroad in HB 512.
3. Continuation of present arrangement under DOT/PF with a policy-making commission at its head with power to select top personnel similar to that now provided for in the Departments of Fish and Game and Education.

In either of the three recommendations above, the policy-making group should consist of seven members; one from the transportation industry, one from the maritime industry, one from the tourism industry, and four members at large. Of the above seven, at least two must be from Region 1, and one each from Regions 2, 3, and 4.

At least six of the above seven must be residents of Alaska. No more than one member may be appointed from outside of Alaska, this non-Alaskan resident member must have at least ten years

Successful and well operated organizations depend on established and open communications between all levels of personnel. Within AMHS there has been and remains a lack of organized communications (input and response) between management and division personnel. This is especially true in the area of ship operations. We recommend the implementation of a formal and open communication plan as soon as practical. In so doing we see an opportunity for personnel on ships and on shore to provide valuable input for decision makers that could eliminate future design and operational problems.

Master Plan:

There is no "in-depth" plan in place to provide for an orderly and a financially feasible approach to future operations of the system. For example, future plans should include plans for vessel replacement, improved scheduling and utilization of vessels, future expansion of system and service, and a feasible financial plan to cover future costs. It has been estimated by marine engineers that the expansion and replacement costs of the AMHS would be one billion dollars over the next 30-40 years.

In order to adequately plan for the future of the System an existing condition inventory of all operating equipment and vessels needs to be accomplished. This should include a general monitoring of both design and construction standards to stress uniformity.

Nickum & Spaulding Associates, Inc.
NAVAL ARCHITECTS -- MARINE ENGINEERS

October 19, 1982

Our Ref: 1148-S/1053A

Mr. Bill Sheffield
201 East 3rd
Anchorage, Alaska 99501

Dear Bill:

Please excuse the delay in my responding to your letter of September 1st. In order to prepare a proper reply, it has been necessary to delve into the ferry system's background and past management philosophy so a proper analysis can be made.

My criticism of the operation of the Alaska Marine Highway System stems from having a direct association with the ferry system from its very beginning. To give a background on why the ferry system came into being and my participation with it, the high cost of air travel caused an adverse effect on the intrastate travel desires of the average Alaskan citizen. In Southeastern and Southwestern Alaska, the lack of interconnecting roads caused the cities to become isolated island communities. Because of this isolation, people acquired an irritability known as "Island Fever". Internal pressures caused by this "island fever" brought about a vigorous search for an effective low cost alternative to expensive air travel. This desire, coupled with ever increasing dependence upon the automobile as a means of transportation, demanded that a feasible highway route be found which would interconnect the principal cities of Alaska. Also, an alternate route had to be found to the arduous Alaska International (ALCAN) Highway running for over eighteen hundred miles through the interior of Canada.

An initial engineering survey determined that the great distances to be traversed, the difficult highway construction, and the many bridges and

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structures which would have to be built to span the countless rivers and inlets, made construction so costly that conventional highways were not economically feasible when considering the sparse population served. It was in response to these pressures that the U.S. Department of Commerce, Bureau of Public Roads, in 1958 sponsored a study prepared by the W.C. Gilman Company of New York.

The resulting report described the feasibility of developing an entirely new transportation concept. Here, the unique transportation demands of Alaska called for innovative action. Southeast Alaska was to be connected together with a "Marine Highway", a ferry system of 500 miles in length.

In this case, the ferry system was to take the place of the highway itself. The vessels would be fitted with overnight sleeping accommodations for passengers and would be designed for international coastwise waters carrying all types of legal highway vehicles.

At its Southern terminus, the Marine Highway would link all of the principal cities of Southeastern Alaska with transcontinental railroads and transcontinental highways at Prince Rupert in British Columbia. At its northern terminus, located at Haines, all of the principal cities of Southeastern Alaska would be connected to existing Southcentral Alaska highway system. This, then, was the long sought after "highway" connection between the isolated cities of Southeastern Alaska and the "rest of the world".

The response to the Gilman report was electric. The ferry system was the alternative to expensive air travel and driving the difficult ALCAN Highway. After statehood, the first legislative action was to seek means of its plan. The State Legislature, through the Department of Transportation, authorized a detailed study to be made. Felix Toner, Walter I were selected and we spent the entire month of November 1958 visiting every potential harbor site in Southeastern Alaska, South-

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western Alaska, along with ports in Northern British Columbia. By using the Gilman Report for projected traffic, we determined the number, type and size of vessels to be used and developed the economic feasibility of the projected system. The study also structured ferry system organization and assisted in selecting the management and operating personnel.

With the Toner, Green and Spaulding study in hand, the newly constituted State Legislature, in 1960, authorized placing a \$22 million general obligation bond issue on the ballot for the voters' decision. \$18 million was set aside for the construction of four new type ferry vessels, together with their necessary terminal facilities. The remaining \$4 million was for the construction of roads. This bond issue envisioned the construction of three identical ferry vessels for operation on the "inside passage" between Prince Rupert, Haines and Skagway, providing service to all of the principal cities in Southeastern Alaska. A fourth smaller coastwise ferry with a special vehicle elevator was to provide service between Homer and Kodiak in Southwest Alaska.

With the strong support of newly elected Governor William Egan, the bond issue was approved by the voters. The construction of these vessels, with service starting in the spring of 1963, marked the true beginning of the Alaska Marine Highway as it is known today.

My firm, Philip F. Spaulding and Associates, designed the three Southeastern ferries and was responsible for contract administration as well as construction supervision.

Service began with the three new ferries MALASPINA, TAKU and MATANUSKA, built by Puget Sound Bridge & Drydock Co. (now Lockheed Shipbuilding Co.) of Seattle, for a total price of \$4,500,000 each. Under our management, the change orders and extras amounted to about 1.5% of the contract price.

The Alaska Ferry System started as the Division of Marine Transportation,

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Department of Public Works. Initially, Mr. Richard Downing was the Commissioner of the Department under Governor Egan, and RADM B.E. Lewellen was Director of the Division of Marine Transportation.

Five-day per week service was instituted between Prince Rupert, Ketchikan, Wrangell, Petersburg, Auk Bay (Juneau), Haines and Skagway, with two days per week service to Sitka.

The original plan of operation called for placing the Sitka terminal at Rodman Bay and connecting it to Sitka by a 35 mile highway. Had this plan been adopted, with the small amount of diversion to this terminal, daily service could have been provided to all of the principal cities in Southeastern Alaska. Estimated highway construction costs were so overwhelming that the plan was abandoned.

With the new ships in service, the location of the Auk Bay terminal was felt to be inconvenient to Juneau, the State Capital. This fact motivated the City to construct a ferry landing in the Gastineau Channel near the center of the Juneau business district. Servicing this terminal with its required dog-leg up Gastineau Channel, caused further diversion of the ferries, which resulted in a lower level of service than originally programmed.

When the M/V TUSTUMENA was completed and delivered by the Christy Corporation of Sturgeon Bay, Wisconsin, for a price of \$3.5 million in June, 1964, the Southwest Alaska ferry service was initiated.

My firm, Philip F. Spaulding & Associates, designed the TUSTUMENA and was responsible for the contract administration and construction supervision. Under our management, the change orders and extras were held to less than 1%. The M/V TUSTUMENA provided the much needed connection between Anchorage, Kodiak, Homer, Seldovia and Seward.

In the first full year of operation, traffic figures for the Southeastern Alaska service surpassed the projected fourth year traffic levels. By

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1965, in the summer months, traffic exceeded the system capacity and vehicles were left standing at the terminals for days. In November, 1966, the people of Alaska, in a vote of confidence and support, authorized the sale of \$15.5 million of general obligation bonds to improve and further expand the Alaska Marine Highway. This election resulted in a turnover in State administration however, placing Wally Hickle in the Governor's chair. Richard Downing resigned as the Commissioner of the Department of Public Works and George McClanahan was appointed to take his place. Captain Gregg Mangan had replaced RADM Lewellen two years earlier as Director of the Ferry System, and was reappointed by Governor Hickle at this time.

Captain Gregg Mangan was a professional ferryboat manager who had years of experience in ferryboat operations.

Initially, three new vessels were planned: first, a 385 ft. ocean-going ferry to provide service in Southeastern Alaska with the ability to furnish an inter-tie with the Southwestern service; second, a 290 ft. ice-breaking roll-on/roll-off ferry with limited passenger accommodations to replace the M/V TUSTUMENA in the Southwestern service; and, third, a 193 ft. ferry to replace the M/V CHILKAT on Prince William Sound in South-central Alaska.

It was planned that the versatile M/V TUSTUMENA, because of her vehicle elevator and ability to use existing piers without alteration, could serve the Southeastern Alaska communities of Kake, Angoon, Tenakee, Hoonah and Gustavus in addition to providing feeder service connecting Sitka to the main line at Petersburg or Juneau. It was hoped that the feeder service would release the main line ferries from their diversionary run to Sitka and would permit daily connections to all of the major cities of Southeastern Alaska. The people in Sitka strongly objected to this plan so the large vessels were to still continue service to Sitka. The M/V CHILKAT would connect Hollis and Metlakatla to Ketchikan.

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Plans and Specifications were prepared by Philip F. Spaulding & Associates, and bids were received in 1967, first from shipyards on the 193 ft. ferry, and secondly, for the ocean-going ferry. Jeffboat of Jeffersonville, Indiana was declared the low bidder on the 193 ft. vessel at \$3.2 million. A contract award was made and the resulting M/V BARTLETT, named for the late Senator E.L. (Bob) Bartlett, was delivered to the Alaska Marine Highway System at Seattle in June, 1969. Philip F. Spaulding & Associates were responsible for contract administration and construction supervision, and change orders and extras were about 1.5% of the contract price.

Livingston Shipyard of Orange, Texas was declared the low bidder on the 385 ft. ocean-going ferry at \$10.5 million. However, delivery could not be made for a period of 24 months. As the ferry system was already overloaded during the summer months, and with no apparent relief in sight for two years, Governor Hickle decided that immediate action was necessary. Instead of building the 385 ft. vessel, he purchased the new Norwegian built, Swedish operated vessel, M/V STENA BRITANNICA. She was renamed WICKERSHAM in honor of Judge Wickersham, Alaska's first Territorial Governor. The WICKERSHAM cost the State \$7.5 million and was placed in service in the spring of 1968.

It is interesting to note that prior to placing the WICKERSHAM in service, nearly all operating costs of the ferry system were being paid out of system revenue.

The WICKERSHAM action was taken with the full knowledge of the restrictions of the Jones Act, which prevented transfer of the vessel to the United States registry and also prevented foreign built vessels from operating in domestic trade. The M/V WICKERSHAM was somewhat effective, however, in providing through service from Prince Rupert, Canada, with intermediate stops to Haines and return. With this vessel, however, it was impossible to furnish inter-city connections between the cities of Southeastern Alaska. As soon as the WICKERSHAM was placed in service, George McClanahan resigned as Commissioner of the Department of Public

Works, and the very capable Harold Strandberg, a strong supporter of the Ferry System, was appointed as his successor. Captain Gregg Mangan resigned shortly thereafter, and Captain H.J. "Red" Lockert was appointed to take his place as Director of the Division of Marine Transportation. Captain Lockert was a professional marine man with experience in ship operation. All of those on his staff were men experienced in marine operations as well.

Before the State of Alaska established its Marine Highway System, Governor Egan obtained a commitment from Premier W.A.C. Bennett of British Columbia that the Canadians would improve the highway between Prince Rupert and Prince George to tie into the transcontinental highway system in the United States. The task of rebuilding 450 miles of highway to modern standards with its many bridges was difficult, costly and time consuming. The Province immediately started work; however, it became apparent that road construction would seriously hamper vehicle traffic to Prince Rupert, which in turn would vitally affect the success of the Alaska Marine Highway. Premier Bennett authorized the construction of the M/V QUEEN OF PRINCE RUPERT for \$6.5 million by Victoria Machinery Depot in Victoria. In 1965, the M/V QUEEN OF PRINCE RUPERT was completed and placed in service running between Kelsey Bay on Vancouver Island and Prince Rupert, a distance of 330 miles. By this connecting link, motorists from the "lower forty-eight" could drive the length of Vancouver Island, transfer to the M/V QUEEN OF PRINCE RUPERT for passage to Prince Rupert and then again transfer to the Alaska Marine Highway. In this manner, the highway to Prince George could effectively be bypassed.

Unfortunately, the M/V QUEEN OF PRINCE RUPERT struck a reef late in the tourist season to 1967 and was out of service for seven months being repaired. This placed a great handicap on the Alaska Marine Highway, and pressure was placed on Governor Hickle to divert one of the MALASPINA Class ferries to the Southeast Alaska-Seattle run. Governor Hickle appealed to the U.S. Coast Guard for permission to operate this service. Permission was granted and in December, 1967 the M/V MALASPINA made its

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first passage to Seattle. This service became an immediate success and has become the most profitable segment of the entire system.

Rather than build the 290 ft. ice-breaking ferry, it was decided to lengthen the M/V TUSTUMENA by adding a new 56 ft. mid-body section instead. This action added 25% to the vessel's vehicle capacity and 40% to her sleeping accommodations.

The Plans and Specifications were prepared by Philip F. Spaulding & Associates. Bethlehem Steel Co. of San Francisco, California was the low bidder at \$3 million. The work was accomplished in four months and the vessel was returned to her original Southwest Alaska service in June, 1968.

Philip F. Spaulding & Associates were responsible for contract administration and construction supervision, and the change orders and extras amounted to about 1.5% of the contract price.

When Richard Nixon was elected President of the United States in November, 1968, Wally Hickle was appointed to the President's Cabinet as Secretary of the Interior. He resigned as Governor of Alaska, and Lt. Governor Keith Miller succeeded him in office.

Harold Strandberg continued as Commissioner of the Department of Public Works and Captain "Red" Lockert continued as Director in the Department of Marine Transportation.

In June, 1969, when the M/V BAKTLETT was placed in service on Prince William Sound, the M/V CHILKAT was transferred to Southeastern Alaska, serving Juneau and Hoonah.

The continual growth of traffic on the Alaska Marine Highway demanded a further increase in the system capacity. Again, in November of 1970, with the strong support of Governor Keith Miller, the citizens of Alaska

passed another \$22 million general obligation bond issue to construct more vessels. At the same election, Governor William Egan, the father of the ferry system, was re-elected Governor.

As the Commissioner of the Department of Public Works is politically sensitive, Harold Strandberg resigned and George Easley was appointed by Governor Egan to take his place. The popular and capable Captain "Red" Lockert was re-appointed to the equally politically sensitive position of Director of the Division of Marine Transportation.

With full knowledge of escalating ship construction costs, George Easley and "Red" Lockert, embarked on a \$33 million ship construction program with only \$22 million in the bank. By adroitly juggling funds, by expertly cajoling and persuading the civil engineers controlling Federal Highway money that a ferryboat is entitled to funding in a similar manner as a bridge, and in the belief that the M/V WICKERSHAM could be sold for \$7 million, they authorized the program to proceed.

It was decided that one large ocean-going ferry would be built to replace the M/V WICKERSHAM, which would be retired and sold, and two smaller ferries would be built to provide feeder service in Southeast Alaska. It was also decided the M/V MALASPINA would be lengthened 56 feet and completely refurbished with additional sleeping accommodations to be made more suitable for the Seattle-Southeast Alaska run.

In 1971, my firm, Philip F. Spaulding & Associates, Inc., merged with W.C. Nickum & Sons Company, to form the naval architectural firm of Nickum & Spaulding Associates, Inc. Nickum & Spaulding prepared the contract plans and specifications for the lengthening and refurbishing of the M/V MALASPINA.

Bids were received from shipyards and Willamette Iron & Steel Co. of Portland, Oregon, was declared the low bidder at \$6.7 million.

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In less than five months in the yard, Willamette lengthened the vessel by inserting a new 56 foot midsection and completely refurnished the passenger accommodations. All existing passenger sleeping accommodations were completely stripped out, and eighty-six new prefabricated modular staterooms were installed in 31 working days, providing a total sleeping capacity of 284 persons. The additional length of the vehicle deck permitted the capacity of the vessel to be increased by 24 cars, making the total vehicle capacity 134 standard passenger automobiles. The new mid-body section permitted installing additional crew accommodations for 20 crew, a 96-seat cafeteria, and a special quiet lounge seating 110 persons in aircraft style reclining chairs. The dining salon capacity was increased to 150 persons, and a new cocktail lounge seating 66 persons was fitted. The entire interior decor of the vessel was redone to accent Alaskan scenes and native art.

Whereas Nickum & Spaulding Associates provided the construction supervision, the State changed its policy and contract administration was handled by an appointee of the Commissioner, who had no experience in marine matters whatsoever. Our representative, Merlin Needles, was overruled constantly by the State to the detriment of the project.

Willamette completed the conversion and the MALASPINA returned to service June 6, 1972, in time for the summer tourist season.

Nickum & Spaulding Associates prepared the plans and specifications for two 235 ft. feeder ferries and bids from shipyards were received. Peterson Builders of Sturgeon Bay, Wisconsin, were declared the low bidders at \$6.1 million each.

A contract was awarded to Peterson Builders for one vessel only, as additional money was needed for constructing out-port ferry terminals, and the money set aside for the second vessel was used for that purpose. Due to a change in the law, however, the Peterson vessel was constructed using Federal Highway Funds rather than part of the voter approved \$22 million general obligation bond issue.

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The feeder ferry was completed in November, 1973, and named LeCONTE for the breathtaking LeConte Glacier in Southeast Alaska. This vessel was handed over to the State of Alaska in Seattle on May 5, 1974, after completing an uneventful 10,000 mile delivery voyage from the Great Lakes.

Following the State's change in policy, contract administration was handled by an appointee of the Commissioner and construction supervision was handled by Nickum & Spaulding Associates.

Coincidental with all of this activity, plans and specifications were prepared by Nickum & Spaulding Associates for the 418 ft. ocean-going ferry COLUMBIA, named for the Columbia Glacier in Southcentral Alaska. Bids were received, and Lockheed Shipbuilding & Construction Co. of Seattle was declared the low bidder at \$19.5 million. A contract award was made in February of 1972, with delivery in June of 1974. This vessel was designed to be the queen of the fleet, replacing the M/V WICKERSHAM, and was to have sleeping accommodations for 324 persons, with a service speed of 21 knots. A total of 184 standard automobiles could be carried on two decks.

After the \$19.5 million ship construction contract was awarded to Lockheed, the State of Alaska appealed to the Congress for setting aside provisions of the Jones Act affecting the restrictive operation of the M/V WICKERHSAM in domestic trade until she could be replaced by the new American built vessel. The Congress approved the proposal, so during the construction period of the M/V COLUMBIA, the State was permitted to operate the M/V WICKERHSAM on an unrestricted basis.

Abiding by provisions of the agreement, the M/V WICKERHSAM was sold by the State in March, 1974 to foreign interests for \$7.2 million, and was delivered upon completion of the M/V COLUMBIA.

Detail plan approval and construction supervision was handled by Nickum & Spaulding Associates, however, construction contract administration was handled by an appointee of the Commissioner who was a retired Captain in

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the U.S. Coast Guard with no knowledge of ship construction. The problems with the M/V COLUMBIA stem from the fact that we were directed, over our objections, to write the specifications around a new series of Enterprise diesel engines. Our Specifications called for the main diesel engines brake-mean-effective-pressure not to exceed 225 psi. The Enterprise engine had a B.M.E.P. of 242 psi. We disapproved the engine selection, but were overruled by the State's Representative. These engines had never been used on shipboard before and had not been properly tested. We disapproved the shipyard controllable pitch propeller selection and were overruled by the State's Representative. Through a series of State financed model tests, we were able to prove that the vessel's hull vibrations were caused by cavitation due to faulty propeller design. We disapproved the evaporator (watermaker) selection and were overruled. Two years later the State had to replace the evaporators at their own expense. We were directed by the State's Representative to use extra heavy black iron pipe throughout the vessel which ultimately had to be replaced with copper pipe at the State's expense.

The excessive propeller excited vibration caused certain resonant ship's structure and equipment to vibrate, which in measure, was corrected by the addition of selected structural reinforcement. The shipyard work was at the State's expense, however, the technical work was performed by us at our expense.

In 1973, _____ Easley resigned his position as Commissioner and "Tex" Taggart was appointed by Governor Eagan to take his place.

The apparent need for a second LE CONTE Class ferry developed and bids were taken for its construction in the Fall of 1974. Revised plans and specifications were prepared by Nickum and Spaulding Associates as there were slight differences requested purely as cost saving measures. Peterson Builders of Sturgeon Bay, Wisconsin were declared the low bidders at \$7.5 million and Taggart awarded the contract in December 1974 during the last days of his term in office.

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In November of 1974, Jay Hammond was elected Governor which resulted in a complete change in management personnel of the ferry system as well as the departmental structure of the ferry system itself. The Department of Public Works and its Marine Division were eliminated, and the Department of Transportation and Public Facilities was established in its stead. The new Department of Transportation incorporated highways, ferries, harbor facilities, airports, etc. under one department. Don Harris was appointed by the Governor to be the Commissioner and Bill Hudson was appointed by the Governor as Director of the Marine Highway System to take "Red" Lockerts place, who then retired.

The second LE CONTE Class feeder ferry was delivered by Peterson Builders to Seattle in the late Summer of 1977 and named the AURORA. Nickum and Spaulding Associates had the responsibility for working drawing and purchase specifications review, however, contract administration and construction supervision was handled by the State. The change orders and extras amounted to about 1.5% of the contract price. Incidentally, Capt. "Red" Lockert acting in the capacity as a consultant was the State's representative in the shipyard which in great measure was the reason for the small amount of change orders and extras.

Due to the ever increasing traffic and the successful jumboizing of the MALASPINA, in 1976 Nickum and Spaulding Associates were contracted to develop the contract plans and specifications for jumboizing the MATANUSKA. The principal changes between the two ships had to do with the stateroom layout and construction as well as the cocktail lounge and other public spaces. The galley was completely changed and made suitable for cafeteria type food service. Provision was made for female crew and the interior design was changed to be more conservative in its decor.

Six potential bidders were requested to bid with an opening in January 1979. No bids were received because of the specified construction time was too short. Bids were again taken and Willamette Iron and Steel Co. of Portland, Oregon was the low bidder. Their quotation was \$15.2 million and they were awarded the contract in July 1977. It is interesting

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to note that their quotation was 2.26 times as high as their quotation for essentially the same work bid six years before. The work on the MATANUSKA was completed in August 1978, thirteen months after contract award. The vessel's availability for shipyard work was ten months however, which contrasted with five months it took to do the MALASPINA. This fact accents the difficulty in placing work in shipyards and getting work done during this period of rapid escalation.

Contract administration on this project was handled by a civil engineering employee of the Department of Transportation and Public Facilities, Division of Harbor Design and Construction. He had no knowledge of marine work whatsoever. Nickum and Spaulding was responsible for working drawing and purchase specification review, however, construction inspection was handled by State hired consultants. The change orders and extras amounted to 22% of the contract price.

Governor Hammond was reelected to office in November of 1978, and again there was a change in ferry system management. Don Harris resigned as Commissioner for the Department of Transportation and Public Facilities and Bob Ward was appointed by the Governor to take his place. Bill Hudson, who had limited marine experience while he was in the U.S. Coast Guard, was moved to Commissioner of the Department of Administration and Jim Eide was appointed in his place as Director of Maintenance and Operations for the Division of Marine Highway Systems. Jim Eide experience was principally as a city manager with no marine experience.

The remaining ferry of the original three, the TAKU, was now sixteen years old and past due for a refit. By confining the vessel to the Prince Rupert-Southeastern Alaska run and due to escalating shipyard costs it was decided not to jumboize the TAKU but to only refurbish her passenger accommodations and to perform necessary engine and hull repairs.

Again, Nickum and Spaulding Associates prepared the contract plans in 1979, however, in this case, their specification writing was heavily monitored by the State's Division of Harbor Design and Construction civil engineer, and did not reflect N&SA's regular standards.

Seven yards were asked to bid with an opening in November 1979. No bids were received because of the short construction schedule. A second attempt to receive bids was made, however, all quotations were rejected because of a technicality. A third time, bids were taken and Tacoma Boat was the only respondent at \$16.6 million.

A construction contract award was made in June of 1980 to Tacoma Boat-building Company in Tacoma.

The State's Representative, a civil engineer with the Division of Harbor Design & Facilities, had complete charge of the project and State employees performed the construction inspection. Nickum and Spaulding, the designers, were given the opportunity to review the shipyard drawings but had no authority to comment or give advice on contract interpretation.

The refurbishing of the TAKU was the first commercial passenger/vehicle ferry ever undertaken by Tacoma Boat and their Naval Architect, Art Anderson and Associates of Bremerton, had never worked on a project of similar nature before. As it is with shipyards, they seized every opportunity to call for changes or extras to the contract and the State acceded to their demands without consulting with us for our interpretation of the contract in order to give them backup in their arguments against the Shipyard.

The work on the TAKU was completed 14 months after contract award and the contract changes and extras amounted to % of the contract price.

After 21 years of close association with the Alaska Marine Highway and by observing our continually deteriorating position of technical responsibility with the State, has given us cause to reflect on the "why" of all this.

It is interesting to note that we as independent professional naval architects have also suffered the same experience with the State of Washington and their highway and bridge engineer controlled Department of

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Transportation. Here our close relationship with the Washington State Ferry system goes back to Black Ball ferry days prior to the State's acquiring the ferry system in 1952.

After World War II, the Firm W. C. Nickum and Sons designed and supervised construction of the ferries EVERGREEN STATE, TILlicUM and KLAHOWYA, all built by Puget Sound Bridge and Drydock Co. of Seattle (now Lockheed) for the Washington Toll Bridge Authority. Their construction cost was approximately \$2.0 million a piece. They were delivered on time with virtually no extras. W. C. Nickum and Sons designed and supervised construction of the four super Washington State ferries of the Hyak Class, all built by National Steel Co. of San Diego for a cost of \$5.5 million each or a total cost of \$22 million. They were delivered on time with no extras. Nickum and Spaulding Associates designed and supervised the construction of the jumbo ferries SPOKANE and WALLA WALLA, both built by Todd Shipyards of Seattle, for a total cost of \$17.5 million. They were delivered on time and the change orders and extras amounted to about 1-1/4% of the contract price.

All of this work was accomplished in close cooperation with Captain "Spike" Eikum, Manager of the ferry system and Mr. John Sullivan, the system's Port Engineer. These were marine men of a long background of marine operations.

When the State of Washington Department of Transportation was formed by the Legislature after the construction of the ferries SPOKANE and WALLA WALLA, the Department, similar to the State of Alaska, encompassed highways, bridges, airports and ferries and all other related facilities.

The administration of the Washington State Ferry System presently is in the hands of civil engineers with no marine background or experience. The most recent fiasco handled by the Department is the \$106 million contract to build six new 100 car ferries for the Washington State Ferry

System. By political pressure agreed to by the bridge and highway builders, this was to be a shipyard design and build project with a 6% favorable construction differential for in-State shipyards. The State did hire a naval architectural consultant at \$900,000 to advise and supervise construction. He had no experience in ferry boat or passenger ship construction.

The contract award was made to Marine Power & Equipment Co. of Seattle at a price nearly \$7 million higher than the only other bidder who happened to be out-of-state. This precluded the State from receiving \$16 million in Federal UMPTA funds, which meant that the tax payers of the State are actually paying in excess of \$23 million more than they should, not including the excessive interest on the debt. Marine Power & Equipment Co. was a marine salvage firm (junk yard) with no established shipbuilding experience.

The first ferry delivered was the ISSAQUAH, almost a year late, with deficiencies which have caused her to be taken out of service numerous times due to malfunctioning equipment and machinery. Other vessels of the Class have suffered similar fate to such an extent that the State has refused delivery of the sixth vessel, the SEALTH.

Also of significance is the fact that Marine Power & Equipment Co. is suing the State for \$29 million for extras and "lost opportunity".

The point of all of this discussion is to emphasize the fact that operating and building ships requires the experience of marine men who have devoted their lives to the profession. A ship design encompasses the entire spectrum of the engineering profession from structural, and mechanical engineering, through to electrical engineering with all the limiting constraints brought about by dealing with the vicissitudes of the sea and regulatory agencies. A ship's form which dictates its speed and power, as well as seaworthiness, requires a specialized skill unto itself. While providing the accommodations for a vessel, the marine professional

Mr. B. Sheffield
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must have a complete knowledge of architecture with all of its specialized features. It is not good management to expect bridge and highway engineers, with their training, to oversee marine operations and ship construction with their broad base of technical requirements. The results of the past few years have borne this fact out.

It is important to note that the operation of the vessels of the Alaska Marine Highway constitutes the largest passenger ship operation under the American flag and certainly requires the most skillful management by qualified marine professionals.

Focusing on the State of Alaska, in the eighteen years of operation the following Commissioners have been in responsible charge:

1. Dick Downing
2. George McClanahan
3. Harold Stranburg
4. George Easley
5. "Tex" Taggart
6. Don Harris
7. Bob Ward

This means that on the average, the ferry system has experienced a change in topside management and policy direction every two to four years. To make matters even worse, none of these men have had a marine background and each have had his own operational philosophy and have reflected his own political objectives.

Whereas there have been fewer Directors of the Alaska Marine Highway in the same time frame :

1. Admiral "Lew" Lewellen
2. Captain Gregg Mangan
3. Captain "Red" Lockert

4. Bill Hudson
5. Jim Eide

only Mangan and Lockert can be considered as having commercial ship operating experience.

In my opinion, if the Alaska Marine Highway is to be operated successfully, it should be divorced from the Department of Transportation with its preoccupation with bridges, highways, airports, etc., and made a separate entity unto itself. It is my further belief that the ferry system be operated under the policies set forth by a nine member Ferry Commission. The Ferry Commission would act as a Board of Directors who would concern itself solely with the welfare of the ferry system.

The members of the Commission would be appointed by the Governor from prominent and successful citizens to serve for a term of six years. Every two years, three new members would be appointed to replace those retiring. Of course, initially, the terms of the appointees would have to be staggered so that in four years, the member's terms would follow on the proper sequence. This would mean that for each Governor's four year term, he would have the opportunity of appointing six members, with three carryovers. In this manner, a consistent and stable operating policy could be established without political influence. You would want to run your own business in this manner.

The Commission would meet once a month to determine policy. They would receive their expenses and a modest stipend as their position should be considered honorary and a public service to the State. There are qualified people in Alaska who would serve under these circumstances, I am sure.

The Commission would hire a General Manager with a proper marine managerial background and set up his organization along the lines of a successful steamship operation.

Mr. B. Sheffield
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As a point of departure, I would suggest the organization shown in Attachment (a) to this letter.

It is my belief that by following the suggested organization, responsibility would be placed where responsibility lies and that answers could be obtained directly without the confusion and overlapping authority that exists today in Alaska.

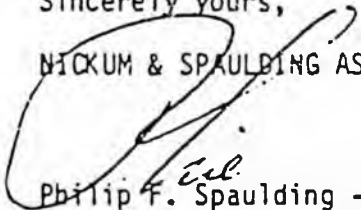
Not to belabor the point, however, the present tendency seems to exclude ferry management and operating personnel from playing a vital role in new vessel construction or major conversion work. This practice has also been followed by the State of Washington with the resulting fiasco of the six ISSAQUAH Class ferries. There are numerous other examples we can cite where even in the private sector, when the same practice has been followed, where the results have been far less than desired.

This entire presentation is being made from the viewpoint of an outsider yet one who is vitally interested in the success of the Alaska Marine Highway.

I trust that you will find my effort worthwhile.

Sincerely yours,

NICKUM & SPAULDING ASSOCIATES, INC.



Philip F. Spaulding - President

PFS:lef

Meeting with Bill Hudson
December 17, 1983
11:00

1974 - 1979 Director Alaska Marine Highway Systems

- Fragmentation
- Looked to innovative changes
- 7½ million subsidy
- Total inventory of Fleet
 - Spare parts
 - Tail Shafts
 - Reduction Gear
- Strategic Location of those parts
- System geared and generated around Seattle
- Marine Maintenance
 - Entire executive staff in Ketchikan
 - Warehouse

Bellingham - Joint operations with B.C. Ferries

- Vessel that could cross the gulf
- Back haul of fish
- Replacing Vessels
 - Ketchikan to Juneau
 - Prince Rupert to Ketchikan
 - Petersburg to Sitka - Juneau
- Pay more if they think they're getting more - referring to food and beverages
- Agents on board the ships during summer months
 - Come out of captain's staff
 - Captain and unlicensed personnel belong to the same trust fund thus creating a conflict of interest
- Doesn't believe a full scale floating drydock in Ketchikan
- Shoreside maintenance - Yes
- Communication with Unions
- Need to figure revenues by passenger miles. Forereach route
- Review of any route be required if the revenue drops below a certain level
- In favor of continuing Seattle Service
- Dedicating Taku, for example just to serve points within Alaska for just administrative cost or lower fares.
- Crew inventory, to ascertain if manning can be reduced
- Crew morale, key to operating more efficiently
- 1974 - 27,000,000 (Total operation cost)
- Federal funds are eligible to purchase new ships
- Dedicated funds from Federal Aid Highway Funds could be requested from our congressional delegation, over and above the State's annual share
- Seattle Run:
 - Never discontinue
 - Summer time - 2 vessels out of Seattle.
 - TAKU, MALASPINA and MATANUSKA start in Ketchikan to S.F.
 - Home base one ship in Sitka

- One ship from Juneau to Haines and Skagway
- Everytime a tie up of ship, the crew call out, is expensive because of overtime
- Recommends hiring of an econcrust, from say Dillingham, to do an economic analysis of the routes between Seattle and S.E. and within Southeast Seattle
- Have vital spare parts in both Ketchikan and Juneau
- B.C. Vancouver to Ketchikan in conjunction with one AMHS ship
- Opposed to the New Management Structure - he feel it's top heavy and won't work
- 2½ million a year - Insurance
- A/B's and ordinary's at one time - 3 - need 8 to tie up ship
- Selling Season Passes to Alaskans
 - Explore all possible incentives to increase ridership
- Personnel taking leave during Summer
- Layup of Columbia - 12 people (crew)
Piped in steam from dock
- 84 hours is ridiculous
- Consider a separate state department to run the railroad and ferry system
- Building of road parallel to AMHS -
 - Passenger mile AMHS - 1.09
 - Highways - 2.10

Ginger - Marine Highway Authorities (dating back years)

Ted - give Frank information received from B.C. ferries

8:00 Breakfast with Glenzer - Sheffield House - Wednesday - Anchorage - Mark Hickey

- Other utilization besides as a ferry
- Facilities
- McDonald Proposal

STATE OF ALASKA
THE LEGISLATURE

POUCH Y STATE CAPITOL
JUNEAU ALASKA 99811
907-465-3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

April 9, 1986

SUBJECT: Comparative Section-by-Section analysis of
HB 23 and draft CSHB 23(Transportation)

TO: Representative Andre Marrou

FROM: George Utermohle
Legislative Counsel

As per your request the following is a comparative section-by-section analysis of HB 23 and draft CSHB 23(Transportation).

Section 1

HB 23

The purpose of this bill is to establish an authority that is the exclusive state agency for the management of the marine highway system.

CSHB 23(Trsp)

The purpose of this bill is to establish an authority for the management of the marine highway system that will allow the marine highway system to become self-supporting. The authority is a public corporation that has exclusive responsibility for operation of the marine highway system.

Section 2

Sec. 19.70.010 The language of this section is slightly different in the two versions but the effect is the same. The Alaska Marine Highway Authority is established as a public corporation and instrumentality of the Department of Transportation and Public Facilities.

Sec. 19.70.020(a)

HB 23

The board of directors of the authority consists of seven members—three members from various industry groups and four from different regions of the state. The four regions represented on the board are: Southeast Alaska, Kodiak Island, Prince Williams Sound, and Interior Alaska.

CSHB 23(Trsp)

The board of directors of the authority consists of seven members—three members from various industry groups and four from different regions of the state. The four regions represented on the board are: Southeast Alaska including Yakutat, Southcentral Alaska including Prince William Sound and Cook Inlet, Southwest Alaska including Kodiak Island, Alaska Peninsula, and the Aleutian Islands, and the remainder of the state that is not included in the other regions.

Sec. 19.70.020(b)-(d)

These subsections are identical in both versions of the bill.

Sec. 19.70.030 - 19.70.040

These sections are identical in both versions of the bill.

Sec. 19.70.050

This section is almost identical in both versions except that CSHB 23(Trsp) deletes the requirement that the funding of the authority is subject to appropriation by the legislature.

Sec. 19.70.055

This section is almost identical in both versions of the bill, except that CSHB 23(Trsp) gives the authority the power to control its own financial and legal matters.

Sec. 19.70.060 - 19.70.140

These sections are identical in both versions of the bill.

Sec. 19.70.150

Subsection (a) is contained in both versions of the bill. However CSHB 23(Trsp) also contains subsection (b) requiring the authority to report every five years on its efforts to transfer itself to private ownership.

Sec. 19.70.160

This section is identical in both versions of the bill.

Sec. 19.70.170

HB 23

This section makes the authority subject to the Executive Budget Act (AS 37.07)

CSHB 23(Trsp)

Reference to the Executive Budget Act is deleted from this section.

This section now contains provisions relating to the naming of marine highway vessels and facilities and is identical to the provision contained in Sec. 19.70.180 of HB 23.

Sec. 19.70.180

HB 23

This provision is identical with 19.70.170 in CSHB 23(Trsp).

CSHB 23(Trsp)

This section exempts the authority from compliance with several chapters of AS 37 relating to public finance. The authority is exempted from:

AS 37.05 the Fiscal Procedures Act;
AS 37.07 the Executive Budget Act;
AS 37.10.010 - 37.10.060 and AS 37.10.085 relating to the handling of public funds;
AS 37..20 relating to the acceptance of federal funds;
and
AS 37.25 relating to appropriation balances.

There is no comparable section in HB 23.

Sec. 19.70.185 - 19.70.190

These sections are contained only in CSHB 23(Trsp); there are no comparable sections in HB 23. These sections provide for the sale or lease of the authority if the state is assured that the marine highway system will continue to operate after the sale or lease and if the state is able to recover the amount of money which it has spent ~~on~~ in connection with the authority. The sale of the authority is subject to legislative approval.

If the authority ever ceases to exist except by the sale of the authority, all assets of the authority revert to the state.

Sec. 19.70.199 and Sec. 19.70.900

These sections are identical definition sections. Sec. 19.70.199 contained in HB 23 has been renumbered to Sec. 19.70.900 in CSHB 23(Trsp).

Sec. 19.70.200 and Sec. 19.70.990

These sections are identical short title sections.
Sec. 19.70.200 contained in HB 23 has been renumbered to
Sec. 19.70.990 in CSHB 23(Trsp).

Section 3.

This section is identical in both versions of the bill.

Section 4.

This section is identical in both versions of the bill.

Section 5.

This section is identical in both versions of the bill.

Section 6.

This section is identical in both versions of the bill.

Section 7.

This section is identical in both versions of the bill.

Section 8.

This section is identical in both versions of the bill.

Section 9.

This section is identical in both versions of the bill.

Section 10.

This section is identical in both versions of the bill.

GU:mkr
m4/089

Utermohle
4/9/86

Original sponsor: Cato

1 IN THE HOUSE

BY THE TRANSPORTATION COMMITTEE

2 CS FOR HOUSE BILL NO. 23 (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 ferries and ferry terminals and
7 establishing the Alaska Marine Highway Authority."

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

9 * Section 1. PURPOSE. The purpose of this Act is to establish an
10 authority as a public corporation for the operation, management, planning,
11 and construction of facilities for the marine highway system ~~in a way that~~
12 ~~will allow the authority~~ to become a viable self-supporting economic
13 entity. The authority shall be exclusively responsible for the operation,
14 management, planning, and construction of facilities for the marine highway
15 system.

16 * Sec. 2. AS 19 is amended by adding a new chapter to read:

17 CHAPTER 70. ALASKA MARINE HIGHWAY AUTHORITY.

18 ARTICLE 1. CREATION AND ORGANIZATION.

19 Sec. 19.70.010. ALASKA MARINE HIGHWAY AUTHORITY. The Alaska
20 Marine Highway Authority is established. The authority is a public
21 corporation and is an instrumentality of the state within the Depart-
22 ment of Transportation and Public Facilities. The authority has a
23 legal existence independent of and separate from the state and has
24 continuing succession until its existence is terminated by law.

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

1 member from Southeastern (extending from Dixon Entrance to Icy Cape);
2 (2) one member from Southcentral (extending from Icy Cape to Barren,
3 Islands and including Cook Inlet); (3) one member from Southwestern,
4 (extending from Barren Islands to Attu Island); and (4) one member
5 from Interior Alaska - (including all areas not included in other
6 regions). The appointment of each director is subject to confirmation
7 by the legislature.

8 (b) The directors serve at the pleasure of the governor for
9 four-year terms. Each director shall hold office for the term of the
10 director's appointment and until a successor is appointed and qual-
11 ified. A director is qualified for reappointment. A vacancy in a
12 directorship occurring other than by expiration of term shall be
13 filled in the same manner as the original appointment but only for the
14 unexpired term.

15 (c) The directors must be residents of the state and qualified
16 voters and shall comply with the requirements of AS 39.50 (conflict of
17 interest). Each director before entering upon the director's duties
18 shall take and subscribe to an oath to perform the duties of office
19 faithfully, impartially, and justly to the best of the director's
20 ability. A record of the oath shall be filed with the Office of the
21 Governor.

22 (d) The directors of the authority serve without compensation,
23 but are entitled to travel and per diem expenses as provided in
24 AS 39.20.180.

25 Sec. 19.70.030. OFFICERS AND QUORUM. The directors shall elect
26 one of their number as chairman. The directors shall elect a secre-
27 tary and a treasurer who need not be directors, and the same person
28 may be elected to serve both as secretary and treasurer. The powers
of the authority are vested in the directors, and four voting

1 directors of the authority constitute a quorum. Action may be taken
2 and motions and resolutions adopted by the authority at any meeting by
3 the affirmative vote of at least four directors. A vacancy in the
4 directorship of the authority does not impair the right of a quorum to
5 exercise all the powers and perform all the duties of the authority.

6 Sec. 19.70.040. STAFF. The authority shall employ an executive
7 director who serves at the pleasure of the authority as its chief
8 administrative officer. The executive director may with the approval
9 of the authority select and employ additional staff as necessary.
10 Employees of the authority other than legal counsel and the executive
11 director are in the classified service under AS 39.25. In addition to
12 its staff of regular employees, the authority may contract for and
13 engage the services of consultants, and professional, technical, and
14 financial advisors the authority considers necessary for the purpose
15 of developing information, conducting hearings, studies, investiga-
16 tions, or other proceedings, or otherwise exercising its powers.

17 ARTICLE 2. POWERS AND DUTIES.

18 Sec. 19.70.050. POWERS OF AUTHORITY. In addition to other
19 powers granted in this chapter, the authority may

- 20 (1) sue and be sued;
- 21 (2) adopt and alter an official seal;
- 22 (3) make and enforce bylaws and regulations for the conduct
23 of its business and for the use of its services and facilities;
- 24 (4) maintain offices at any place in the state and at
25 places out of the state that are served by the marine highway system;
- 26 (5) acquire, hold, use, lease, rent, construct, and dispose
27 of real and personal property for its purposes;
- 28 (6) operate, maintain, improve, and extend a system of
ferries connecting with the public roads and highways of the state and

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

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

6 (8) modify routes, after public hearings;

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

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

11 (1) be responsible for the management of the financial and
12 legal obligations of the authority;

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

16 (3) schedule vessel sailings to maximize the frequency of
17 service to all ports;

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

22 (5) require pre-payment for reservations;

23 (6) provide reservation access and marketing information
24 throughout the state;

25 (7) encourage vessel construction, maintenance, and service
26 in the state to the greatest extent possible;

27 (8) employ residents of the state to the greatest extent
28 legally possible;

(9) recognize Alaska-based unions and employee associations

1 to the greatest extent legally possible.

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

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

11 ARTICLE 3. ACQUISITION OF PROPERTY.

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

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

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

11 ARTICLE 4. FERRY TERMINAL FACILITIES.

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

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

20 Sec. 19.70.130. REGULATIONS. The authority may adopt regula-
21 tions governing the use of ferry terminal facilities by the public
22 that it considers necessary and proper in the public interest.

23 Sec. 19.70.140. EXISTING FACILITIES NOT AFFECTED. A ferry
24 terminal facility in existence and serving the public on January 1,
25 1959, is not affected by AS 19.70.110 - 19.70.140.

26 ARTICLE 5. GENERAL PROVISIONS.

27 Sec. 19.70.150. ANNUAL REPORT. (a) By January 15 of each year,
28 the authority shall submit to the governor and the legislature a
29 comprehensive report describing the operations, income, and

1 expenditures for the preceding fiscal year.

2 (b) ~~Every five years the annual reports~~ shall include an analysis
3 of potential sale arrangements whereby the corporation may be trans-
4 ferred into private ownership. The analysis shall include documenta-
5 tion of at least three offers to sell the corporation initiated by the
6 corporation during the last five years.

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

12 Sec. 19.70.170. NAMING OF VESSEL OR FACILITY. (a) A vessel or
13 facility of the Alaska marine highway system constructed or acquired
14 by the authority under this chapter or AS 19.60 may be given a name
15 only by law.

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

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

20 Sec. 19.70.180. ~~APPLICATION OF EXISTING LAWS.~~ Unless specif-
21 ically provided otherwise in this chapter, the following laws do not
22 apply to the operations of the authority:

- 23 (1) AS 37.05;
24 (2) AS 37.07;
25 (3) AS 37.10.010 - 37.10.060;
26 (4) AS 37.10.085;
27 (5) AS 37.20;
28 (6) AS 37.25.

Sec. 19.70.185. SALE OR LEASE OF THE AUTHORITY. (a) The

1 governor may provide for the sale or lease of the authority and dis-
2 solve the corporation if

3 (1) it can be assured that the marine highway system will
4 continue to operate after the sale or lease; and

5 (2) under the terms of the sale or lease, the state will
6 receive the amount of money it has spent in connection with the
7 authority.

8 (b) A sale under this section is subject to approval by law,
9 Sec. 19.70.190. REVERSION OF ASSETS. ~~Except as provided in,~~
10 AS 19.70.185, if the authority ceases to exist its assets revert to
11 the state.

12 Sec. 19.70.900. DEFINITIONS. In this chapter, unless the con-
13 text requires otherwise,

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

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

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

24 Sec. 19.70.990. SHORT TITLE. This chapter may be cited as the
25 Alaska Marine Highway Authority Act.

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

27 Sec. 35.27.025. APPLICATION TO ALASKA MARINE HIGHWAY AUTHORITY.
28 The requirements of this chapter apply to the Alaska Marine Highway

1 Authority. Compliance with this chapter is the sole responsibility of
2 the authority with respect to the public buildings and facilities of
3 the authority.

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

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

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

8 (i) schools, office buildings, and court build-
9 ings;

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

12 (iii) boats and vessels of the marine highway
13 system;

14 (iv) transportation facilities which accommodate
15 traveling passengers;

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

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

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

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

20 (48) Alaska Marine Highway Authority (AS 19.70.010).

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

22 (1) plan, design, construct, and maintain all state modes
23 of transportation and transportation facilities and all docks, floats,
24 breakwaters, buildings, and similar facilities, except that the
25 department is not responsible for planning, design, construction, or
26 maintenance of transportation modes or facilities under the jurisdic-
27 tion of the Alaska Marine Highway Authority;

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

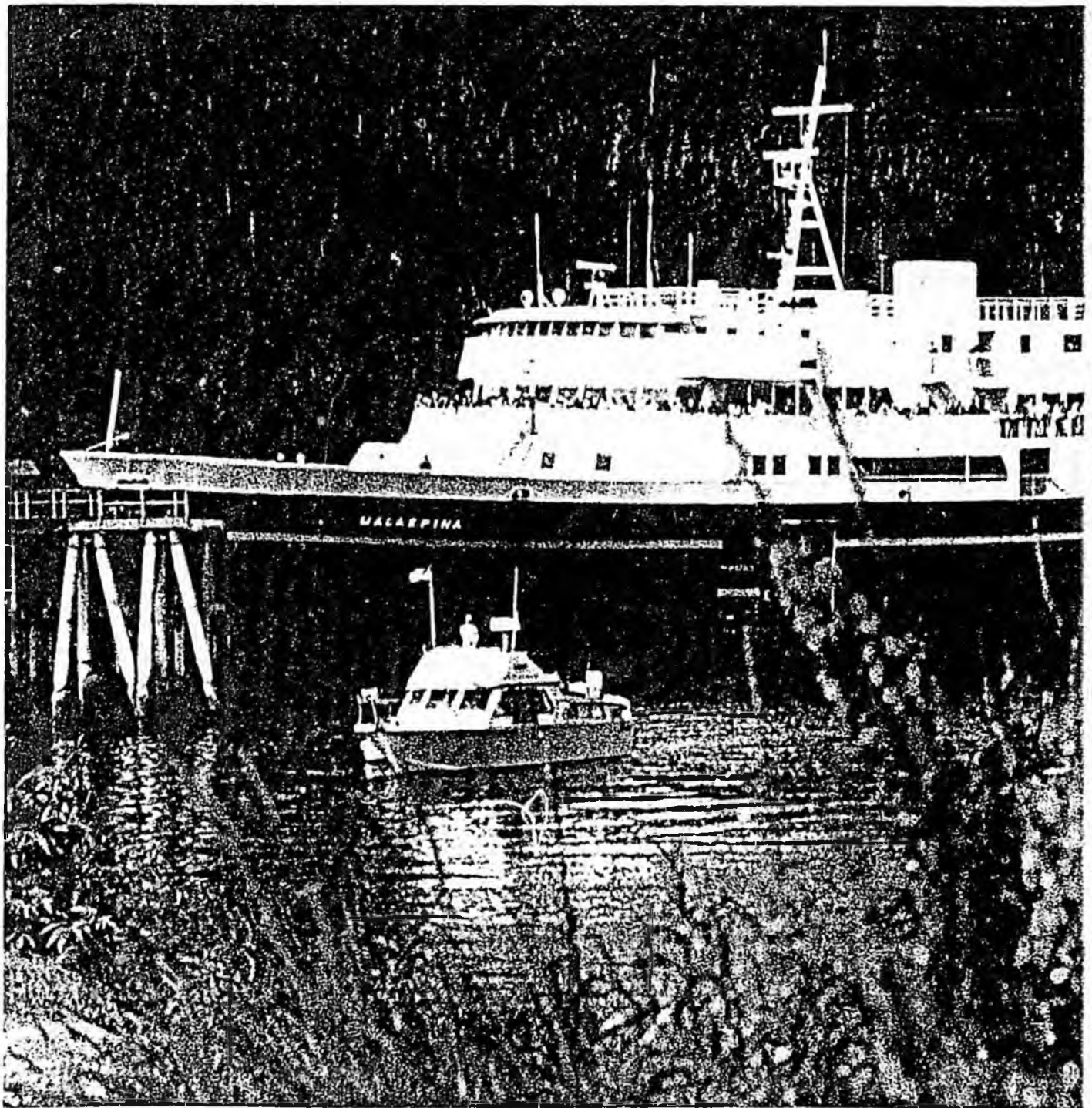
(7) manage, operate, and maintain state transportation

1 facilities and all docks, floats, breakwaters, and buildings, includ-
2 ing all state highways, vessels, railroads, pipelines, airports, and
3 aviation facilities, except that the department is not responsible for
4 management, operation, or maintenance of transportation facilities,
5 vessels, or equipment under the jurisdiction of the Alaska Marine
6 Highway Authority;

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

8 * Sec. 10. APPOINTMENT OF FIRST DIRECTORS OF ALASKA MARINE HIGHWAY
9 AUTHORITY. The governor shall designate the terms of the directors of the
10 Alaska Marine Highway Authority first appointed under AS 19.70.020. Of the
11 seven directors first appointed

- 12 (1) two shall serve a term of two years;
13 (2) two shall serve a term of three years;
14 (3) three shall serve a term of four years.
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Squeezing revenues from a shrinking budget

Alaska Marine Highway chief Joe Camp must boost revenues by \$1.8 million this year or cut expenses by a like amount.

BY CHUCK KLEESCHULTE



Courtesy - Alaska Marine Highway System

IF IT WERE IN PRIVATE hands, its revenues would make it the 11th largest Alaskan-owned business. It would rank fourth in the number of employees.

If it were a private transportation company, it would be the largest Alaskan-owned firm in the category.

If it were a chain of hotels, its 1,000-plus bed capacity would make it Alaska's largest hotelier.

And if it were a restaurant, it would be among the state's 10 largest fast food chains.

The state-owned and operated Alaska Marine Highway System, which links 14 Panhandle, seven Southcentral and five Aleutian Chain communities, is all of these. Yet none.

"Running the ferry system isn't easy," says Joe Camp, head of the system and deputy commissioner of the Alaska Department of Transportation and Public Facilities. "Unlike an airline, we don't just sell seats. Unlike a hotel, we don't just sell beds. And unlike a barge company, we don't just sell cargo space. We do all of that and more."

Camp heads more than 1,000 employees, roughly 800 of whom man nine state ferries that ply Alaska's southern shores from Seattle to Dutch Harbor. He's responsible for wringing as much revenue as possible from a system that during summer rivals the busiest of Alaska tourism firms, but in winter provides an essential but less than lucrative transportation service for residents of 15 towns with no highway link to the rest of the state.

Heading into the ferries' busy 1986 summer season, Camp is caught in a



1986 Chuck Kleeschulte

Sailing in Southeast isn't like running a bus system.

squeeze of trying to hike revenues by attracting more passengers while trimming costs. He faces increasing competition from commercial airlines and their "ultimate super saver" fares and private cruise lines. He can't trim fares or engage in rate competition to spur passenger or freight volumes.

He's competing for business at a time when it's crucial that he succeed—just as oil-fueled state revenues are sailing into increasingly stormy seas.

Camp last year was told by lawmakers he must increase revenues or cut costs \$1.8 million or be prohibited from spending a like amount of his proposed \$68 million budget for the year that ends July 1. At the same time, competition from a new private cruise line-ferry operation, the *Star Dancer*, helped to trim passenger counts in the lucrative Southeast trade and, more importantly, cut the bookings of campers and mobile homes aboard the system's car decks. Camp isn't expecting to fulfill the revenue mandate and has been trimming expenditures accordingly.

It traditionally has been from transporting oversized vehicles that the ferries have made their greatest revenues.

So even though the ferries carried 99,164 vehicles last year—nearly 6,000 more than in 1984—the system suffered a revenue setback. It made \$46,000 less in vehicle tariffs last August than in August 1984, for example.

LAST YEAR THE FERRY system also suffered a rare decline in the number of passengers. Just 366,910 passengers rode the fleet last year—a slight drop of some 1,700 from 1984, but a drop just the same.

Camp has been forced to cut operating costs to the bone, changing long-time maintenance and manning policies and implementing more imaginative sailing schedules to keep the system within a shrinking budget. Still the storm clouds over the system aren't fading.

Gov. Bill Sheffield in his proposed budget for 1987 granted the system little additional money. It's likely the system will have to get by on less one more year.

The ferry system, set up in 1962 and fully operational in 1963, is a collection of nine vessels—the first, the tiny car

ferry *Chilkat*, was taken over by the state after Alaska's admission to the union in 1959. Just 98 feet long, it can hold 15 vehicles, 75 passengers and can cruise at a leisurely 10-knot speed, limiting it to service in the southern Panhandle between Ketchikan and Hollis with a stop at Metlakatla.

The largest ship in the fleet is the 13-year-old motor vessel *Columbia*, which at 418 feet can hold 1,000 passengers and 180 cars and makes the run from Seattle to Skagway during summer months in about 3-1/2 days. There are three other mainline ferries: the *Malaspina*, the *Matanuska* and the *Taku*—all of which have been extensively renovated over the past eight years.

Two smaller ferries operate in Southeast: the *Aunna* and *Leontic*. The *Bartlett* provides service from Cordova to Prince William Sound towns, and the open-ocean-going *Tustumena* provides service to Seldovia, Homer, Port Lions and Kodiak and through the stormy Gulf of Alaska to the tip of the Aleutian chain.

For years, the ferry system, with roughly half of its budget (\$33 million

this year) subsidized from the state's General Fund. has been criticized by Interior legislators, sometimes for inefficiencies, sometimes for personnel costs. Some say the criticism is unfair.

"It's been recognized for over 100 years that sailing in Southeast—through the Wrangell Narrows and Peril Strait past the rocks and logs—is one of the most challenging places on earth. The weather is usually lousy, and maintaining a consistent schedule 365 days a year requires incredible dedication. It's not like running a bus system from Portland to Seattle," says Capt. Herbert Storey, whose 23 years make him senior mate aboard the ferry fleet.

STANDING ON THE BRIDGE of the 352-foot *Taku*, Storey says few understand the complexities of maintaining a schedule when fog can close down to the waterline in Southeast in minutes. A key section of the trip from Skagway to Seattle passes through the Wrangell Narrows, where the channel closes to 350 feet for most of its 21 miles and course changes come as often as every quarter mile.

"Very few people with good sense would enter the narrows in fog, but if we can't stay on schedule it produces costs for the system," says the skipper, who normally handles *Columbia*, the flagship of the fleet.

Camp says running the ferries is further complicated by the relationships among the system's money-making functions. Three years ago, for example, the state decided it had outgrown its former ticket reservations computer system, one that worked great for airlines but not for ferries. The state had to spend \$2 million to design its own system from the ground up—a reservations and bookkeeping system that went on line just this winter.

"Until now I've had a group of people with green eye shades hand-counting every ticket at the end of the month to find out our revenues. The new computer system will allow us to keep track of our revenues and our expenses in a timely manner," says Camp. "Standard computer systems counted seats, but we needed something that would sell seats, book vehicles, keep track of staterooms and print and refund tickets. No one had a system that did all those things."

The ferries also have been difficult to operate since unlike a hotel that can tailor staffing to reservations, they have extensive walk-on traffic—no reservations are needed for two-thirds of the year. That causes a host of problems. Just ask Ponce Agahona.

The chief chef of the *Taku*, who's been with the ferries for 17 years, Agahona says it's impossible to know how much food to order and how much to

prepare for meals. "Sometimes you have 300 show up for meals. Other times you have 400 without notice. You end up being really creative in salvaging leftovers for the next special," says the a former Juneau hotel chef.

In the ferries' hotel business, staterooms often are booked for short stays—stays that end not at an 11 a.m. check-out time, but at 2 a.m. with check-in at 2:30 a.m. or at 5 a.m. with check-in at 5:15.

"During the summer we have to keep people working around the clock since the bunks aren't cold before the next passengers want the staterooms. It keeps you constantly in motion," says

Ed Marksheffel, chief purser aboard the *Taku*.

Employee costs always have been one of the prime targets of lawmakers. Ferry workers, represented by three bargaining units, the largest of which is the Inland Boatmen's Union of the Pacific (IBU-P) representing more than 600 of the vessels' crews, are among the best-paid state workers. Members of the Master, Mates and Pilots bargaining unit, the nearly 100 licensed crew members who operate the fleet, average more than \$51,000 a year.

Employees respond they work 12-hour days for a week; their 84-hour work weeks are nine hours more than



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most state workers log in twice the time.

To cut costs, Camp has changed long standing maintenance procedures, dry docking *Columbia* in Seattle without its crew during the winter. The change has saved about \$500,000 in employee costs.

He also has shortened the maintenance period for the other mainline ferries, pushing to get 13.8 additional weeks of sailings from his ships in hopes of increasing revenues without hiking costs.

He's attempting to cut employee replacement costs by barring workers from taking more than three weeks of

Wringing revenues from a shrinking budget.

leave (one work period of vacation) during the ferry's busy season from mid-May to mid-September. He hopes the change—unpopular with employees—will save more than \$100,000 a year.

Starting this month, two ferries will provide weekly service north from Seattle in hopes of competing more effectively with the *Star Dancer*. The change, which will decrease by two the number of weekly sailings from Prince



Rupert, British Columbia, to Panhandle towns, could generate another \$75,000 a week in revenue—provided the *Matanuska* sailings prove popular with north-bound tourists.

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TO CUT THE COST of no-shows, who book car or cabin space and then don't appear for sailings, Camp has imposed a 45-day advance payment policy for placing vehicles on the ferries' busier routes. Those who cancel reservations less than 30 days before sailing no longer will receive full refunds.

In recent years the system also has done everything from adding computer and video games for children to upgrading gift shops and bars to hike revenues. It's also added television rooms. Until a recent attorney general's opinion on copyright law, movies were shown. Officials hope to resolve that dispute so they can reopen video rooms this spring.

In response to Alaskans who've complained staterooms are "block-booked" by travel agents for Outside tourists, a limit of a quarter of all staterooms was placed on the number that could be booked by groups. To curb complaints among Panhandle residents that vessels have become "less romantic," Camp reinstated waiter meal service aboard the *Columbia* and was considering it for the *Matanuska*. Under the administration of former Gov. Jay Hammond, all ferries were converted to cafeteria-style food service to cut costs. Camp says he's making the change without hiking costs.

To the biggest complaint, the inability of passengers to get through on the telephone to make reservations, Camp has grouped reservationists in Juneau, expanded their hours from 6 a.m. to 9

p.m. daily and set up toll-free calling from Alaska and the Lower 48 and added operators.

"We feel these changes better position us to market the ferries," Camp explains.

ONE COMPLAINT LINGERS: the system is competing too aggressively with private enterprise. While the state has halted sightseeing cruises to Glacier Bay and Misty Fjords in Southeast, it still provides service between Valdez and Whittier that often competes against private cruise operators providing Columbia Glacier sightseeing trips.

Taku head chef Agahona lives with uncertainty.

Camp says the state has no plans to curtail Prince William Sound service, but also has no interest in escalating competition with tour operators. He adds his vessels are so overscheduled he doesn't have the vessels to climb back into sightseeing runs to Glacier Bay, even if he wanted to.

These changes are improving both revenues and public reaction to ferry service, but the fleet is facing other

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longer-range problems. A new system plan indicates a need for higher-speed vessels—potentially catamarans—to increase frequency in southern Southeast. A high-speed jetfoil was tested two summers ago, but it was judged too expensive and had too little freight-vehicle capacity.

The ferry system four years ago did preliminary work to replace the 22-year-old *Tustumena*, which has been jostled repeatedly because of its Gulf of Alaska service. But since then the state has lost federal highway money to fund a replacement. Camp says a new study of the vessel's hull shows it still has a number of years of service in it. The state has pared replacement plans to a cabin expansion and renovation effort; some \$4.5 million is being sought this year to start on the work.

Still, Camp says the state needs to plan on purchasing a second open-ocean-certified ferry to serve as a back-up for the *Tustumena* while it is laid up for annual maintenance. That could cost more than \$50 million. He says the state needs at least \$3 million apiece for two smaller catamarans for southern Southeast service, plus a third larger, faster boat for northern Southeast service. Eventually the system will face at least an \$80 million pricetag to replace *Columbia*—provided the vessel is built solely in U.S. shipyards.

Where the millions will come from in a climate of greater demand for fewer state capital improvement dollars, however, is a matter of no small concern for ferry officials as they chart the future of the Alaska Marine Highway System. □

October 23, 1962

MEMORANDUM

TO: William A. Egan
Governor

FROM: John E. Havelock
Deputy Attorney General

RE: Passenger and Vehicle Tariff--
Prince Rupert, B. C. to Skagway, Alaska

Tariffs established for the Southeastern Alaska Ferry System include as representative rates \$118 for car and \$30 for the driver and each passenger from Haines to Prince Rupert. The rates from Juneau are \$98 and \$23.50 respectively. It is my view that certain important factors were either ignored or given insufficient weight in the determination of this rate structure, and as a result, the rates are much higher than the state interest requires.

1. General Rate Levels

One of the basic aims of the first year's operation of the system is traffic generation. No one expects that the ferry system will show in the black for at least three years. The greatest management disaster of the first year's operations would be insufficient traffic. If the ferry is going to be called the administration's folly it will be so nominated as caption to a picture of the M. S. Malaspina discharging only three passengers and a truck at one of its main terminals. The system is designed to carry a huge volume of traffic right from the beginning as the ferries are launched in close succession. The first measure of success of the ferry is whether that capacity is utilized, not whether the system pays for itself in tariff revenues. It is obvious that the real return to the state will be derived from the ferry's effect in stimulating the state's economy, rather than profits from the ferry system itself.

The Gilman report and the tariff schedules of the Division of Marine Transportation are predicated on the assumption that the important consideration on which to base tariff

William A. Egan
Governor

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rates is long term feasibility and fiscal "soundness" as a business enterprise. The Gilman report and tariff recommendation is based on the following analysis:

a. The ferry may be expected to divert 14% of existing passenger traffic movement in and out of Alaska from existing modes of travel and 6.7% of intra-Alaska air travel. The ferry operation itself will induce a 5% increase in deck passengers and 22.7% increase in automobile passengers over present total Alaska traffic. Therefore a total traffic of "x" passengers and cars can be expected.

b. Operating and debt service charges of "y" can be expected.

c. With x traffic and y expenses a tariff of z will produce revenues A, B, C and D for 1962, 1963, 1964, and 1965, so that in the fourth year the ferries will be paying propositions as traffic increases.. Presumably as the projections are extended the ferry will become a better and better business investment for the state starting with half a million profit in the fourth year. 1/

The only reference that I can find to the effect of tariff on traffic is at p. VI-1 of the report proposing rates, where it is stated:

"The tariffs recommended for automobiles (including driver) 2/ are based on about 45 cents per mile and are shown in Table 4. While these rates are somewhat higher than those for

1/ The break even point has been determined as 40% of capacity in summer, 10% in winter. Therefore the \$1,326,650 deficit predicted by Gilman for the first year posits an extremely low traffic volume. Probably there is a peak month in July-August so that volume is well below 40% for the rest of the year even at the break even point three years hence.

2/ This rate is broken up so that the driver is charged separately as a passenger and the automobile tariff reduced slightly. The report recommended Prince Rupert to Haines \$196.50. This is now \$148 (\$118 plus \$30). However, this reduction still leaves the rates too high, particularly considering the fact that the passenger rate was raised from \$25.50 to \$30. Consider the husband, wife and two children: \$238 present schedule; \$273, Gilman.

William A. Egan
Governor

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ferry systems in the Northwest area, we believe them to be reasonable and attractive to both tourists and residents."

The belief that the rates are "reasonable and attractive" is nowhere substantiated, nor is any indication given that the "reasonableness" and "attractiveness" can have a substantial bearing on traffic. By supplementary memorandum of February 13, 1961, the Gilman Company analyzed the effect of certain reductions in the original proposed tariff. As far as I am able to determine without benefit of an adding machine, no consideration (or no more than 1%) was given, in reassessing revenues, to any probable increase in volume engendered by the tariff cut. In other words, traffic is supposed to be a fixed quantity not correlative to revenue. I believe this supposition is erroneous.

A project such as the Alaska ferry contains so many uncertainties in terms of traffic and revenue that the management must be highly flexible. During the first year, even day by day experience will be of the utmost importance since it will furnish the first concrete information on actual traffic behavior for future prediction. Passengers should be heavily polled to determine why they are on the system, how they heard of it, who they are, style of travel, effect of rates, etc., so that appropriate adjustments can be made to further induce traffic development, and revenue advantages. Since traffic is originally more important to the system than revenue, I would suggest that original tariff schedules be low. If the traffic volume justifies an increase, tariffs can always be adjusted upwards to beef up revenue. If tariffs start high, the state has lost forever the advantage of an early traffic boom in terms of psychological success of the ferry. In addition, the state will have lost the substantial factor of the effective publicity travelers may give to the system when they return home, together with the economic boost such travelers can give the state through subsidiary Alaskan private spending. The travelers who won't travel if the ferry gets off to a slow start represent dollars irretrievably lost to Alaska.

2. Internal Rate Structure

In view of the overall economic purpose of the ferry system, the tariff scales should contain internal flexibility, that is, variability according to the types of traffic to be induced. The only mention of this aspect of rates thus far made public is a plan for reduced rates for package tours. This variation is an overly modest beginning considering what we already know about types of traffic and state policy towards

William A. Egan
Governor

October 23, 1962

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various kinds of traffic.

In assessing rates, management must be careful not to fall into private enterprise habits of thinking which are inapplicable to a state operated enterprise. A private enterprise must stand or fall on its own success as a financial venture. A state enterprise must be examined with different criteria. The ferry system can be looked at as one critical corporation in an interlocking chain of enterprises consisting of the rest of the private enterprises of the state. By way of illustration, in Los Angeles a number of Las Vegas and Lake Tahoe vacation hotel operators offer "free", or near free, air charter champagne flight transportation to their Nevada operations. The hotels take an enormous loss on their air charter operations but they calculate that they make it up on their take through the hotel accommodations, gambling, entertainment, etc. As to the tourist-segment of the traffic, the state ferry system operation can be looked at the same way on a much larger scale since every drug store, motel, grocery store, gas station is, from the state's point of view, part of the same interlocking economic establishment--the business of the state.

Not all traffic can be given the same tariff treatment. For the reasons suggested by the example, the most desirable traffic is the tourist trade. Business passenger traffic has almost no priority standing since we are there talking about travel that comes to Alaska anyway, which has no special inducement to use the ferry for its own sake, and which is likely to hurt existing carriers to the detriment of the state's economy. Tourist travel can be self-generating, arises from untapped sources, and is not likely to be diversionary except to some extent in the first year or two. 3/

The ferry's basic appeal will be to the automobile family.

For a large body of Americans, to whom the cost of ferry transportation would be a vital factor in calculation, the annual vacation consists of packing the kids in the car and driving somewhere with no more definite plans than that they must be back

3/ Note that the private tour lines are planning to build more tour ships in the face of the state's operation. Tour ship operations also cater more to the retired couple type of traffic--people who need accommodations of comparative luxury and personalized care.

William A. Egan
Governor

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in two weeks. The car is as important psychologically as a symbol of mobility as it is as a method of getting from one place to another. The traveling family will want to take the car with them and they will be more likely to debark at ports along the way if they can take the car with them cheaply, despite the few miles of road available. Many auto tourists will be looking for a circuitous trip. The "up the highway and down the ferry" route or vice versa, may well become a great tourist route. Until the ferry is operating at full auto capacity, everything is to be gained and little lost by encouraging such people to take their car with them. Present ferry rates, however, are hardly encouraging. \$238 (\$476 round trip) is a sum that the vast proportion of auto tourists will be unwilling to spend on ferry transportation alone. 4/

How can this type of traffic be distinguished from a tariff point of view? They will almost always travel by automobile more often station wagon than compact.

Trailer travel is almost entirely by this group. Therefore vehicle fares geared arithmetically to length will outprice them. The tourist auto family always contains a wife and almost always children. Therefore a tariff structure which provides special rates or even a subsidy on the automobile tariff for a spouse and pre-working children (under 15 or 16) will be particularly beneficial to it. There are many ways preferences can be effected. The tariff should be so planned that an upward revision should be necessary within one or two years to control over-capacity loadings. In the meantime the ferry will be maximizing utilization of idle ferry space while generating recurrent travel and publicity.

At some point there is clearly a point of diminishing returns in terms of direct revenue. However, the side effects of ferry travel on tourism are so important that direct revenues should be given a back seat in tariff management of the operation in the pre-capacity years.

Besides auto family tourism, the ferry operation should

4/ One consideration is that for travel, the family manager will be noting that he is spending this sum to travel 600 miles which could take him 47,000 miles translated into straight gas mileage. While considering oil, depreciation, repairs, etc., his costs will be higher, (living costs will be higher on the ferry) Alaska is still put in competition with all the United States from Maine to Florida for the west coast tourist family.

William A. Egan
Governor

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have distinctive tariffs for several other varieties of traffic. During winter months when the ferry system is likely to be operating at minimum capacity, tourists should receive lower rates. Marginal season tourism may also be encouraged through the rate structure. May is a beautiful month in Southeastern Alaska and may offer skiing opportunities to the restless souls who went to Sun Valley last year. For ski traffic, winter and spring, the ferry would have to consider its competitive situation with air carriers. The skier's ferry should be priced to cater to carloads of two couples who will drive to Prince Rupert. The ferry can afford a cheaper rate for the skier because of the substantial gain from expensive ski sports in Alaska. The state can also consider the priority it must give to development of the off season economy in Southeastern Alaska. The airline, calculating privately, cannot consider this an advantage.

Another group that might be considered for selective treatment is the Alaskan tourist. Air travel encourages out of state jaunts. Hard winters encourage winter vacations. Possibly the system should consider making itself financially attractive to these tourists. The prospect of a cheap way in and out for the car is one of these. If I am going to Yuma for a winter vacation from Anchorage, the ferry could be attractive to me as a method of getting my car to the contiguous states so I can save on air fare from Seattle south. Possibly an intra-Alaskan vacation in Southeastern Alaska will be attractive if the ferry offers a good rate.

While discussing possible rate variations, it might be noted that the existing rate structure, whether accidentally or not, contains a substantial rate discrimination by basing vehicle tariffs purely on an arithmetic length calculation. The rate is calculated roughly on a per foot length basis. By this method of calculation trucking is placed in an extremely favored position. While superficially an arithmetic length calculator appears simply to render the quid pro quo according to the commodity, (transportation) rendered, in fact this is an over-balanced way of calculating prices both from a market and policy standpoint. Market calculations are based on the competitive situation, and how badly the customer needs the product, not just how much it cost the seller. Competitively the trucker is getting a very good deal indeed. For intra-southeastern traffic, the competing tariffs are the cost of special charter, for traffic into-southeast the much higher rates of Alaskan Steam. A length calculus instead of weight is extremely advantageous to the trucker and disadvantageous to the tourist whose car is a fraction of the height of a truck and contains many feet of unuseful length. Even on trucking traffic to Alaska Westward I am informed that truckers expect an average saving of \$800 per trip. Do we need to offer an \$800 saving? If

William A. Egan
Governor

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space becomes premium how do we gauge the desirability of three families of tourists and the truck in terms of balancing the tariff? A good size truck will carry a load of 40,000 pounds or more. A 60-foot trailer truck under the proposed tariff will cost \$244.90 from Prince Rupert to Juneau. This comes out to approximately 6/10th of a cent per pound. A raise of \$100 on this truck rate costs 5/20ths of a cent per pound of cargo. The ferry operation is conducted by the state to subsidize the economy. But in comparative subsidization do we want to subsidize truck travel this much and tourist travel so much less?

What distinct calculation of "fair and reasonable" was made in the case of truck traffic? Obviously none, since it is calculated on an identical basis with auto traffic.

I do not want to be understood as contending that truck tariffs are necessarily too low. I use the truck tariff only to show the inconsistency of the tariff planning.

3. Conclusion

The legislation establishing the ferry system does not indicate that it was intended to be operated as a business enterprise. To the contrary, all evidence indicates that the ferries were intended as links in the highway system. There is nothing improper in running the ferries at a "loss" any more than there is in building roads not paid for in tolls. If travelers on the Alaska Highway were asked to pay for even the cost of maintenance, without regard to the cost of construction, the tolls would assure that no one ever used the highway. The ferry system is another key artery looming large in the future growth of all Alaska, and the same logic should govern its management. Throughout the state the average annual maintenance cost for highways is \$1500 per mile, higher for gravel. Considering travel over water by the system as highway (a fraction of the mileage if a road were actually built), maintenance costs alone would amount to \$900,000 per year. This figure could be taken as one guide to the average annual subsidy over the life of the ferries that might reasonably be allowed. The tariff planners actually have constructed a tariff that will, if conservative traffic estimates hold true, put the whole system, including debt service (i.e., construction costs) in the black already by the third year still running well below capacity!

As all agree, traffic is a great unknown, though there is cause for optimism in the innate attractiveness of the enterprise. Actual traffic compared to capacity will be much lower, spectacularly so in the off season, than the general public probably appreciates. Lack of traffic is the only real disaster

William A. Egan
Governor

October 23, 1962
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(short of casualty) which could hurt the ferries and the administration badly. ^{4/} For three years the books of the ferry system will show a loss anyway. The public is not likely to be more disturbed, with proper assurances, by the difference between a \$1,326,650 operating deficit (Gilman prediction for first year) and a \$2,326,650 deficit. They will be more likely to be disturbed if the former figure is pointed out to them with a picture of an empty ferry boat. They will be much less likely to be disturbed by the latter figure if the streets are full of automobiles with California, Idaho and Washington license plates, bearing ferry system bumper stickers, or if their own plans can include taking the family out the easy ferry way for a vacation. If no traffic would be the great disaster for the ferry, what greater tribute to the foresight of the system's supporters than if a new ferry goes to the drawing boards in 1966 to contain the growing volume--even if the system is costing the state half a million a year.

^{4/} This discussion rests on the assumption that wheeled traffic loadings will be invariably below system capacity, with possible exception only in one or two days of the summer. At such time as the ferries are full, length and system revenues become important considerations.

Respectfully submitted,

GEORGE N. HAYES
ATTORNEY GENERAL

By
John E. Havelock
Deputy Attorney General

JEH:lb

William A. Egan
Governor

October 23, 1962
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APPENDIX

As a basis for discussion, I would recommend the following changes in the tariff:

1. A standard price for passenger vehicles eliminating the distinction between compact and standard autos.
2. A cut in auto tariff (using 15' as base) of up to 50% graduated according to how far the traveler is going on the ferry.
3. A special rate for camp caravans under 20' of approximately 1/2 an auto.
4. No charge for wife or children under 16 traveling with husband and auto.
5. 10% cut for return ticket on end to end travel, good for auto with same license plate.
6. 10% rate reduction for autos for months of October, November, March, April and May.
7. 20 increase in truck rates, 30% for vehicles over 40'.

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Institute of Public Administration

ESTABLISHING PUBLIC CORPORATIONS IN ALASKA

A GUIDE FOR LEGISLATIVE DECISION MAKING

A REPORT TO
THE LEGISLATIVE BUDGET AND AUDIT COMMITTEE

BY ANNMARIE WALSH AND DAVID MAMMEN

DECEMBER 15, 1982

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A GUIDE FOR LEGISLATIVE DECISION MAKING

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ESTABLISHING PUBLIC CORPORATIONS IN ALASKA
A GUIDE FOR LEGISLATIVE DECISION MAKING

1. Introduction

Continuing demands for greater and more varied government services have resulted in rapid growth in the use of public corporations for loan programs, large scale construction projects and enterprise-type public services. Every session of the Alaska Legislature faces several proposals to create, to change and to subsidize independent public corporations of the state.

In January 1982 the Institute of Public Administration (IPA) prepared a report (Alaska's Public Corporations: a framework for assessment) for the Legislative Budget and Audit Committee of the Alaska Legislature which described the state's major corporations and developed a framework for assessing and overseeing them. This guide is designed to summarize IPA's earlier report by providing a checklist of questions and issues that should be considered during the process of legislative decision making with respect to public corporations.

What are the characteristics of public corporations or authorities?

Public corporations are government instrumentalities established by legislative statute to operate to some extent outside the regular structure of executive departments, usually to finance, construct or operate revenue producing enterprises. As corporations, they have separate legal existence (to sue, to be sued, and to assume credit obligations in their own name). They are variously called corporations,

public authorities, commissions, banks, services or agencies.

How do public corporations differ from regular government?

Public corporations differ from government itself in these ways:

*Public corporations do not have general government police or reserve powers or powers to tax;

*Public corporations can exercise only those powers and conduct only those activities specifically authorized in their charter or statute.

Public corporations differ from the line agencies of the executive branch of government in the following ways:

*They have separate legal identity (corporate personality);

*They may be exempt from many of the administrative procedures and regulations that apply to line agencies, such as civil service and other personnel regulations, procurement and other administrative procedures, rules and controls by central executive staff agencies;

*Their powers and structure can usually be changed only by statutory amendment (not by executive order), and such changes may be limited by legal covenants entered into by the corporation for borrowing and other contracts;

*They can be permitted business-type budgets without line item or expenditure period limitations, and may be permitted to retain their own earnings, subject to dedicated fund prohibitions;

*Public corporations usually have independent borrowing capacities and credit ratings.

2. Selecting the Corporate Form

None of the advantages described below can be achieved only through use of public corporations, and none of them are automatically achieved by use of public corporations. The record of public corporations throughout the nation includes examples of political corruption, financial debacles, and construction failures as well as numerous success stories. However, in some states legislators have sought the following through the use of the corporate form.

- *Managerial and budgetary flexibility for enterprise-type activities that need to be continually adapted to changes in consumer demand, construction contingencies, and other market factors;

- *Speed and efficiency of large scale construction using planned funding schedules, flexible contract administration, and non-controlling, multi-year construction budgets;

- *Increased access to bond markets;

- *Protected, earmarked funding for priority projects and long term debt service, subject to dedicated fund prohibitions;

- *Business-like and self supporting activities, particularly where the benefit produced goes primarily to the person or organization that uses and can pay for the service;

- *Insulation from political influence, for philosophical or other reasons;

- *Use of an agency with mixed ownership, with the potential for transfer to the private sector, or with a jurisdiction that spans several government units.

What are the pitfalls to be avoided in deciding on and designing public corporations?

An increasing number of public corporations have been formed, particularly for loan programs, public transportation, housing finance and energy development. The single purpose corporation seems a simple and clear cut answer to many demands for new and complex government functions. Their advantages are relatively easy to list. Their disadvantages appear only over time and experience. It is important therefore to keep in mind some of the potential disadvantages when making the initial decision. Potential disadvantages include the following:

*The accumulation of independent debt burden and other financial obligations and potential claims against future taxes and tax payers without control, financial planning or early warning. Two facts affect this potential problem. First, high volumes of borrowing through corporate revenue bonds do tend to tighten the market for general obligation borrowing by state and local governments from the same state. Second, even when the state clearly has no legal obligation for the debts of its corporations, if those corporations get into financial difficulty the state will have to help them (by channeling appropriations into reserve funds, by offsetting operating deficits, by helping to refinance debt or otherwise avoid default). The credit standing of the state is affected by the credit record of its corporations. Unforeseen changes in interest rates, in economic conditions or in revenues have caused problems with even the seemingly strongest corporations in some states.

*The separation of important development decisions (such as distribution and pricing of transportation, energy, industrial investment

and housing) from legitimate political institutions based upon voter support and executive leadership. Conflicts over social, environmental and economic impacts may arise too late, after the corporation has made decisions to which the people's representatives did not have access, even when there are public hearing requirements. Similarly, lack of consistency between corporate programs and departmental programs and plans can increase the costs and reduce the effectiveness of government as a whole.

*Undermining government procedures established for desirable purposes of accountability and legitimacy, including appropriations and budgeting, equitable job classification and salary scales, merit recruitment and promotion, standardized accounting and auditing procedures, and contracting and procurement controls. There is often a temptation to by-pass regular government agencies when these procedures seem too rigid and cumbersome for good management. However, reform of procedures is preferable to progressively cutting chunks of government activity out of them altogether.

*Creating pockets of public activity susceptible to narrow special interest control.

*The potential for "creaming", or removing revenue producing activities from government budgets, leaving deficit operations to fall more heavily on taxpayers or appropriations. Many states have tried unsuccessfully, for example, to tap the revenues from successful corporation toll facilities to help finance public roads or transit.
What are the alternatives?

Not all of the differences between public corporations and line

agencies are necessary. Indeed, some of the characteristics of public corporations can be given to line agencies in order to allow them to undertake enterprise-type activities efficiently without giving up executive and legislative controls. For example, some of the legislative alternatives to the full blown corporation are the following:

*A separate executive agency or administration, headed by an administrator reporting to the governor, with special powers designated by statute but without independent corporate status. This arrangement is often used for enterprises that will be funded by appropriations and state bond issues (eg., transportation bond issues). In California, for example, a State Department of Water Resources issues special general obligation bonds, with project revenues to cover debt service channeled into a trust fund. The Department also issues revenue bonds in the name of the Department; they are obligations of the Department only.

*A revolving fund or corporate loan fund within an executive department. This is used for loan and subsidy programs that require protected financial integrity, revenue bonding powers and separate credit obligations, but which do not require separate administrative bureaucracies and which benefit by policy coordination with related programs. Such arrangements in other states have provided revenue streams which are identifiable, allowing for accounting separate from the general agency budget in order to maintain credit ratings for revenue bonds. Examples include the Airports Division of the Hawaii Department of Transportation, which is authorized to issue revenue bonds to construct and operate airports. A separate Harbors Division within

the Transportation Department constructs and operates harbors. In the State of Washington, a motor vehicle revolving fund is used by the Department of Transportation which issues revenue bonds backed by motor vehicle fuel taxes to construct toll road and bridge facilities. In Maryland, a separate port authority was abolished in 1971; port administration was made part of a reorganized Department of Transportation.

Regional/local enterprises run by representative commissions or intergovernmental boards. Examples include public utility districts, such as those in the State of Washington. The Metropolitan Council in the Minneapolis - St. Paul region is a regional enterprise governed by an intergovernmental board.

In summary, the selection of the corporate form should be based upon four kinds of information:

*What characteristics for financing and management are implied by the mission of the proposed agency?

*What alternative forms of organization can provide these characteristics with minimal loss of democratic control?

*How important is it to relate these activities to political representation? to community preferences? to departmental policies?

*How can a corporation be effectively monitored in terms of financial and administrative impacts on state and local government?

3. The Design of the Corporation

Careful design of each public corporation to meet the needs of the particular mission, financing situation, and desired patterns of leadership and oversight is crucial if the agency is to live up to the expectations for it, and not prove to be a source of future problems. There are many different ways to organize a public corporation, and the form appropriate for a loan fund may not be appropriate for a railroad or a local port. This section of the Guide provides a check list of questions and legislative alternatives to be considered. These are grouped under recommendations summarized from the earlier IPA report.

Legislative intent and oversight

The corporate mission should be stated clearly enough to provide policy guidelines to the corporation and to provide standards for subsequent legislative oversight. Goals, priorities and performance targets should be expressed clearly so that performance can be judged against them. (For example, are services to be self supporting from revenues? Is the aim to increase production of some unit such as ship maintenance, passenger trips, or kilowatt capacity? To aid or subsidize certain groups?) .

The most effective way to hold an enterprise accountable is to measure its performance against targets for that performance. Without targets or priorities, oversight tends to consist of random interchanges between legislators and corporate managers that are frustrating to both sides. If legislative statements of corporate mission are ambiguous or shift from year to year, there is little that the supervising executive

officials can do except try to assure that the corporation is acting prudently. It is always difficult to express clear goals and priorities for public programs because the nature of the democratic process is such that they are often the product of shifting compromise. Nevertheless, the exercise of trying to develop coherent statements of mission for each corporation and related departmental programs - however imperfect - can clarify the issues that are relevant to audit and budget review, and can provide a framework within which successive requests for statutory amendment can be judged.

*What are the goals and the policy guidelines that the legislature intends for the corporation?

*Are goals and guidelines sufficiently clear and consistent to judge the performance of the corporation in the future?

*Should legislative authorization be required for each major capital project or new program expansion?

The relationship of the corporation to the state government

Coordination calls for clarification of the relationship between corporations and the departments of state government. The two linkages presently used in Alaska are to specify in statute that a corporation is attached to a specific department, and to put one or more state commissioners on the corporate board. Currently, provisions that a public corporation be "within" or "attached to" a department are pro forma compliance with state law concerning departmentalization.

*What role should the related department play?

*How should departmental programs and policy plans relate to corporate activities?

The use of a governing board for public corporations is derived from the structure developed to represent stockholders in investor owned companies. But experience in federal and state government generally has shown that the ability of part-time boards to provide policy leadership to public corporations is limited, and ex-officio appointment of busy government officials does little to overcome those limitations.

Experience has shown that it is difficult for cabinet members to serve both as supervisors of the corporation from general perspectives and be part of corporate management on the board of directors. Problems are compounded if board meetings must cope with managerial detail, or if board members lack timely information on policy and performance.

Other alternatives should be examined. One is to have the corporation headed by a single administrator who reports to a departmental commissioner and who is aided, not by a governing board but by an advisory board that draws primarily from the private sector. This is particularly appropriate for enterprises closely linked to other state services (transit agencies, equipment maintenance agencies, revolving loan funds related to specific economic programs). Advisory boards without direct responsibility for management can be larger and draw on a broader range of expertise and objective opinion. By reporting their assessment of the corporation to the related state department and to the legislature, they can often provide for better accountability than can governing boards that get bogged down in details.

Another alternative, one suitable for regional enterprises, uses a policy council representing local groups or elected officials together with a strong executive director (see, for example, the public utility

districts of the Pacific Northwest).

*If a governing board is to be used, who shall appoint the members? The governor? The head of an executive department when the corporation is subsidiary to one department? Local representatives? Should the board be representative? Should it be large enough to use special committees (eg., audit and finance committees typical of the private sector)? If it is large, will it have problems scheduling meetings or assembling a quorum to conduct business?

*Should terms of members be staggered (giving the board added stability and some political insulation, but making it somewhat less responsive to elected leaders in the short run)? Or should their terms coincide with those of the appointing authorities, making them political executives like department heads?

*Has provision been made for removal of board members for conflict of interest violations, for non attendance, or for malfeasance?

*Who shall appoint the executive director? The board? The governor? The department head (corporation subsidiary of one department)? Will the executive director serve by contract, or at the pleasure of the appointing authorities? What provision has been made for removal?

*Have means of improving the effectiveness of boards been explored? (e.g., use of working and advisory committees or staff to the board)?

In addition to careful design of the corporate governing structure, three other considerations are important to produce good corporate management with state government leadership.

First, the powers and responsibilities of the general manager, the board or council (if there is one) and of the appropriate government officials must be sorted out clearly and sensibly. The manager should have full responsibility to manage, and can then be held responsible for corporate performance. (See below). The board should not be burdened with detailed decisions and personnel choices below that of the manager. The board should focus on continuing evaluation of what is going on in the corporation. And state officials should have a clear role in decisions that have substantial impact on the public interest.

Second, state officials (including the legislature) need timely information concerning the corporation's programs and plans. Multi-year program and financial plans should be required. So should annual reports showing actual results. Statutes should specify the kinds of information and factors that should be included in plans and reports. They should also specify who is to review those documents and approve them.

Third, statutes should specify key policy decisions by the corporation that will affect public welfare and costs. Shall the governor or a commissioner have certain veto powers, prior approval powers or r to give the corporation certain directions?

Impact on state budgets

There should be provided ongoing means of assessing and controlling the extent to which the corporation may burden the state with direct or indirect financial costs.

*Are the corporation's services likely to be self supporting out of operating revenues? At what price levels? Are services to be provided at below market prices? What interests will be served?

*If operating subsidies are to be provided by appropriations, should there be a ceiling imposed in statute? Absolute or percentage ceiling? What factors will effect the level of subsidies: interest rates, user charges, volume of use, costs? Should prices be regulated? By whom? By what formula?

*Should specific cost controls be imposed (eg., salary ceilings; executive scale; administrative expense limitations; interest rate ceilings)? How can cost control and efficiency incentives by management be encouraged if deficits are to be absorbed by appropriations?

Impacts on capital finance and debt

Corporate financial plans, debt burden, security arrangements and borrowing volume should be continuously monitored together with those of other state corporations and state and local government. Some orderly process should be established to analyse information on current and planned borrowing, lending, investments, and potential demands on capital appropriations, including impacts on the economy and on state credit given varying market trends.

*What security will underlie corporate borrowing? Is the estimated revenue stream adequate to secure the borrowing necessary to complete planned projects?

*What will borrowing costs do to revenue requirements (for example, costs of retail or wholesale electricity, freight and passenger fares, costs of ship maintenance, home mortgage rates, etc.)? What are the fall back resources for debt repayment if the revenue stream diminishes?

*Does the state have a moral obligation (legislative option to keep corporate reserves up to specified levels)? Can the corporation's finances be leveraged by federal grants, by state loans or grants, or by other sources? Are lease payments by state or local government agencies pledged to back up debt?

*Where will the liability or risk fall in case of extraordinary circumstances (eg., impacts of power plant failure, of earthquake or bankruptcies on mortgage and loan obligations, etc.?)

*How will the authorized debt and debt security affect the ratios of debt of and in the state, and the ratings and indices used by the financial community to assess and cost out state and local government borrowings?

*What arrangements have been made for payback of state capital appropriations or loans (interest, time period, enforcement and forgiveness provisions)?

*Regarding nonguaranteed borrowing authority, what ceiling shall be established by statute? What agency of state government shall approve issues after reviewing timing, volume, interest costs, and terms of bond resolutions or official statements?

What will be the management capabilities of the corporation?

To do its job well the corporation needs stable financing, concentrated management authority, marketing expertise, high quality labor force, and flexible procurement and contracting capabilities. Sometimes these require exemption from some of the provisions of state administrative law. If such exemptions are applied when they are not needed, however, the public purposes for which the corporations were

established are undermined.

*Should the agency's personnel be part of the civil service? Should it have its own merit-based personnel system? Should it have salary comparability? Should it offer no job security but provide full management prerogatives to hire and fire? If so, what protection from abuses should be provided? Will the agency assume labor agreements from predecessor organizations? Do collective bargaining provisions make civil service regulation unnecessary?

*Should regular provisions for public participation and public information apply? (Freedom of information, sunshine laws, equal employment opportunity, community reviews, environmental impact statements, zoning approvals, and public notice and hearings, etc.)? In general these should not be waived without strong justifications.

*Should regular procurement and contracting procedures be waived for the agency? Rigid competitive bidding requirements may slow down and raise the costs of large scale or repetitive construction projects, and slow procurement procedures are a problem in high technology activities.

*Should the corporation be permitted to promulgate regulations? If so, should all aspects of the Administrative Procedures Act apply?

*Does the structure of top leadership for the agency assure strong management together with coordination with the executive branch? The full time executive director is the key to corporate management. Will that position be clearly responsible (eg., appoint other personnel, have duties clearly distinguished from the chairman of the board, be

should the borrowing requirements generated by short term debt be reported and monitored? Are there adequate provisions for coordination with other capital programs?

How should legislative oversight be exercised?

*What procedures should the legislature use to monitor the agency's performance with respect to goals? Legislative performance audit? Periodic public hearings or committee investigations (special circumstances only)? Legislative veto of financial plans or budgets which will exceed spending ceilings?

Legislative oversight should not involve intervention in specific management applications of policy (e.g., approval of specific loan applications, personnel actions, contractor selections, detailed budget lines.) If legislative judgment dominates these types of administrative action, the advantages sought from using the corporate form in the first place are lost.

In order for legislative oversight to be effective, legislative staff reviewing and dealing with the corporations must be adequate to keep up with the material coming to it, to analyse, to summarize, and to help distill out the policy implications. Investment in the capacity to continue to evaluate the public corporations would be small in comparison to the state appropriations supporting them.

Legislative oversight tools that have been used Outside include public authority control boards, special investigations, assignment of a full-time performance auditor to individual corporations, and codified corporation control acts. In other states, recent initiatives concerning public corporations have been part of broader efforts to strengthen debt management policies generally.

4. Implications of the Guide for the Alaska Railroad

The framework described in this Guide has implications for proposals before the Legislature. This Guide suggests that no public corporation should be created without thorough consideration of the rationale for selecting the corporate form and consideration of government alternatives. For example, an assessment of organizational alternatives for state ownership of the Alaska Railroad was undertaken in July 1981 for the State Department of Transportation and Public Facilities (An Assessment of the Alaska Railroad: Ownership and Operational Alternatives, by John T. Gray and John A. Bivens), and concluded that the corporate form would be best. The analysis noted these 'disadvantages' to the railroad as a state line agency:

- lack of ability to obtain essential capital investment funds except by state appropriations;
- competitive issues related to marketing, management flexibility, state agency regulations and procedures;
- potential for even more direct political influence on operational decisions;
- the public service versus business orientation questions.

The report went on to note "[The state agency alternative] clearly does not meet most of the criteria established for a viable railroad organization. A state agency organizational structure is the least desirable of the three alternatives discussed."

That conclusion may be correct, but it should be noted that access to the bond market is possible through alternatives such as state transportation bond issues or departmental revenue bonds. In any case

the experience of the Alaska Railroad as a federal agency indicates that two attributes should be sought above all others: 1) flexible, concentrated, business-like management and 2) policy control by state government, exercised in the interests of Alaska.

Regarding the corporate form, the study of organizational alternatives noted:

The principal advantages of the authority or public corporation alternative are an ability to obtain access to required capital funds and freedom to manage and operate the railroad within policies established by a board. Management could be given flexibility and responsibility for its decisions and could also be held accountable for its decisions. Passenger service could be accounted for separately and not subsidized by freight service. The Alaska governmental leadership could determine the appropriate levels, locations, and other parameters of passenger train service. Thus, under this scheme, it might be possible to reach a compromise between the public service and business purposes of the railroad.

That discussion raises two issues that are not resolved in the bill to establish the Alaska Railroad Authority (CS SB 212 [Transportation]). First, what decisions should be made or reviewed by state officials to assure the public service purposes, and what decisions and prerogatives should be left to management to assure efficient and effective running of the railroad enterprise? Second, what volume and purposes of subsidy should be planned for the railroad?

This Guide suggests that legislative authorizations and mechanisms for supervising the corporations should be based clearly on the premise that the corporations are wholly owned subsidiaries of government. CS SB 212 [Transportation] makes the status of the corporation as a state agency clear:

Sec.42.40.330(e): "the authority is an agency of the State of

Alaska for purposes of jurisdictional determinations and judicial review...." Sec.42.40.100(c)(4): the authority shall act "on behalf of the State of Alaska". Sec. 42.40.200: the authority is an "instrumentality of the state within the Department of Transportation....with legal existence independent of and separate from the state."

This Guide suggests that legislative intent for the goals and mission of the corporation should be sufficiently clear to provide policy guidance, criteria for performance evaluation and financial planning. But fundamental issues are unresolved in CS SB 212 [Transportation], which provides only that the Alaska Railroad should be operated to: "carry out its responsibilities on a self sustaining basis" and to "provide the best possible combination of high quality and reasonably low cost transportation", but be "supported where necessary by state investment in railroad capital improvements."

Is it or is it not to be self supporting? Are both freight and passenger services to be self supporting? Or are operating expenses to be paid for from the fare box, while capital investment is publicly provided? Is public investment to be repaid? On what schedule and with what interest? If it is not repaid, does it have implications for the competitiveness of other components of the state's transportation system?

If these decisions are not to be made by the Legislature at the time of the creation of the authority, what process is established by the statute to make these basic public policy decisions over time? The railroad's fare structure, mix of services, and collective bargaining agreements will each affect the degree to which subsidies will be needed. According to this Guide, a procedure for governmental participation in these decisions is essential, whether it be legislative

fiat, review by the Department of Transportation and Public Facilities, review by the governor, and/or regulation.

Because of the ambiguity in the bill, basic issues of fare structure, subsidy levels, state investment and pay back may be left to the authority management to resolve and bargain over, with little clear guidance from the Legislature. Some forms of capital subsidy will be necessary; some form of operating subsidy may be necessary. According to what criteria; what limits; what procedures?

The Guide recommends that there be an orderly and timely process for assessing and controlling the impact of the corporation on state budget and credit. CS SB 212 [Transportation] implicitly permits subsidy of the railroad authority by state capital investments or revenues "from whatever source" to secure authority notes, but it is not clear about state or executive participation in, or review of, rates and fares, collective bargaining agreements, service expansions or contractions or debt ceilings which are crucial decision making points that will determine the volume and the effect of subsidies in the future. These decisions, plus the control over land (albeit in conjunction with the Department of Natural Resources), place very important policy powers in the hands of a council of six citizens with staggered terms.

Article 7 of the bill concerning state oversight provides procedures for gubernatorial veto, action forcing and intervention which are thorough. But by the time the specific undertakings described would be formally proposed and subject to these procedures, many options could be closed. Therefore review and approval of long range program and capital plans will be the more important process for purposes of policy

guidance and oversight. Proposed service changes and credit transactions should be required to conform to the approved long range plan. The opinion of the Commissioner of Transportation should be required for state review under Section 7, as well as for annual approval of the long range plan. Service improvement and performance targets should be included in the annual plan and used as criteria for performance audit by the legislative auditor.

One procedure that might be provided for would call for the authority to include in the required financial plan a recommended fare structure that would completely cover costs and investment payback. Government decision not to approve such a fare structure would then have to be accompanied by either specific commitments to provide compensating subsidies or specific cost cutting proposals. The active involvement of the Department of Transportation would be needed to carry this out. The importance of some such arrangement can be underscored by the inefficiency of public rail systems elsewhere in the country where disorderly annual negotiations over fares and subsidies have left corporate managements without financial stability or the capability to plan for improvements. Moreover, if these issues are not resolved by orderly public decisionmaking processes, they may be resolved unilaterally by corporate management through bond resolutions that guarantee certain revenue levels be maintained and collective bargaining procedures that determine cost levels.

The Guide suggests that responsible executive officials should be able to influence the major decisions of the corporation in order to provide coordinated and coherent state policy. Yet, as CS SB 212

[Transportation] is written, the Commissioner of Transportation is in an uncertain position with respect to the authority. The Commissioner is one of seven board members; there is no requirement that the Commissioner be chairman. Alternatives should be considered. The manager of the railroad corporation might report to the Commissioner, making the council an advisory and review board rather than a governing board. Or, the Commissioner could be named chairman of the governing board, which might be expanded to represent a wider range of interests.

The Guide notes that fixed management responsibility and concentrated executive leadership are important parts of the business model that public corporations are set up to take advantage of. Yet the bill divides management authority (Section 42.40.250) in ways that may involve the governing council in too much detail (\$11,000 real estate transactions; incurrence of debt, however small, and all changes of services). This may divert the council from policy issues such as program and capital plans and the establishment of rates.

In addition, the bill's provisions for appointment of railroad authority executives involve the council in appointing and removing personnel other than the general manager. This may make it more difficult to recruit a topflight railroad chief operating officer who will want to bring in his or her own management team. Accountability may be better served by giving the manager clear authority to manage, within the parameters of government policy, and holding him or her directly responsible for the results. The Legislature may therefore wish to consider whether the general manager should appoint, and have unhindered powers to dismiss, executive officials. Council involvement through

other executive appointments and the provision that executives serve "at the pleasure of the council" merely divides management responsibilities.

The Guide suggests that corporations be exempted from standard administrative procedures only as required. CS SB 212 [Transportation] AS 42.40.330 provides blanket exemption from the Administrative Procedures Act, except for public meetings and legislative review. There appear to be no criteria or standards for corporate personnel, accounting, contracting or procurement systems. While management flexibility will be served by these exemptions, management quality is not assured by them. The characteristics of the personnel system might be specified. (Will civil service rights be superimposed over collective bargaining rules? Must recruitment and promotion be on a merit basis?) In addition, the legislature should require that the corporation's accounting system be approved by the legislative auditor or that it accord with Generally Accepted Accounting Practices (GAAP).

The Guide recommends that corporations develop systematic procedures for dealing with public interests and opinions concerning the distribution of benefits among groups and localities. The Legislature may want to consider mechanisms for involvement by citizen advisory panels or regional organizations, or by local governments.

The INSTITUTE OF PUBLIC ADMINISTRATION (IPA) is a private, nonprofit, nonpartisan organization. It conducts research, advisory and educational activities in public administration, urban affairs, and management and finance of governments. IPA is chartered under the education laws of New York State.

Founded in 1906 as the Bureau of Municipal Research, the activities of the Institute of Public Administration are directed toward the solution of emerging problems at home and abroad, and emphasize innovation, demonstration of new techniques and communication among governments and between the public and private sectors.

IPA's professional staff includes specialists in public and business administration, finance, political science, law, planning, engineering, library science and economics. Offices are located in New York City and Washington, D.C.

HOUSE BILL 23
BY REPRESENTATIVE CATO
INTRODUCED--14TH LEGISLATURE

STATUTES AFFECTED BY
THE MARINE HIGHWAY AUTHORITY BILL

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PUBLIC BUILDINGS AND WORKS

§ 35.27.020

Effect of amendment. — The 1977 "Department of Public Works" in amendment substituted "Department of Transportation and Public Facilities" for paragraphs (2) and (6).

Chapter 27. Art Works in Public Buildings and Facilities.

Section

- 10. Purpose
- 20. Art requirements for public buildings and facilities
- 30. Definitions

Sec. 35.27.010. Purpose. The state recognizes its responsibility to foster culture and the arts and the necessity for the viable development of its artists and craftsmen. The legislature declares it to be a state policy that a portion of appropriations for capital expenditures be set aside for the acquisition of works of art to be used for state buildings and other public facilities. (§ 1 ch 54 SLA 1975)

Legislative history report. — For (Finance), see 1975 Senate Journal, p. report on ch. 54, SLA 1975 (CSHB 133 939).

Sec. 35.27.020. Art requirements for public buildings and facilities.

(a) A building or facility constructed after June 30, 1975, or remodeled or renovated after June 30, 1975, shall include works of art, including but not limited to sculptures, paintings, murals or objects relating to Native art.

(b) The department, before preparing plans and specifications for buildings and facilities, shall consult with the Alaska State Council on the Arts regarding the desirability of inclusion of works of art.

(c) At least one percent or, in the case of a rural school facility, at least one-half of one percent of the construction cost of a building or facility approved for construction by the legislature after September 1, 1977, will be reserved for the following purposes: the design, construction, mounting and administration of works of art in a school, office building, court building, vessel of the marine highway system, or other building or facility which is subject to substantial public use.

(d) A building or facility with an estimated construction cost of less than \$250,000 is exempt from the requirements of this chapter unless inclusion of works of art in the design and construction of the building or facility is specifically authorized by the department.

(e) The artist who executes these works of art shall be selected by the architect for the department with the approval of the department, after consultation with the Alaska State Council on the Arts and the principal user of the public buildings or facilities.

(f) The artist who executes these works of art in the public schools shall be selected by the superintendent of a school district in which a public school is to be built with the approval of the school board. Should the department find in the best interest of the state that the selection of the artist who executes these works of art by the superintendent may result in a cost overrun to the state or delay of construction, the department shall make the selection of the artist in consultation with the superintendent.

(g) The architect, superintendent, department, and the Alaska State Council on the Arts shall encourage the use of state cultural resources in these art works and the selection of Alaska resident artists for the commission of these art works. (§ 1 ch 54 SLA 1975; am §§ 1, 2 ch 96 SLA 1977; am §§ 1 — 4 ch 176 SLA 1980)

Cross reference. — For the responsibilities of the Alaska State Council on the Arts in the management of the Art in Public Places Fund, see AS 44.27.060.

Effect of amendments. — The 1977 amendment substituted "or, in the case of a rural school facility, at least one-half of one percent of the construction cost" for "of the overall construction cost" in subsection (c) and added subsections (f) and (g).
The 1980 amendment rewrote

subsections (a) and (d), substituted "buildings" for "public works" in subsection (b), and in subsection (c), substituted "September 1, 1977" for "the enactment date of this chapter," "a school, office building, court building, vessel of the marine highway system, or other" for "the public," deleted "public" preceding "facility" near the end of the subsection, and added "which is subject to substantial public use" at the end of the subsection.

Sec. 35.27.030. Definitions. In this chapter

(1) "department" means the Department of Transportation and Public Facilities;

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

(A) includes, but is not limited to,

(i) schools, office buildings, and court buildings;

(ii) other buildings which the commissioner determines are designed for substantial public use;

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

(iv) transportation facilities which accommodate traveling passengers;

(B) excludes other transportation facilities.

(3) "construction cost" is that cost expended for the actual construction of the facility, exclusive of the costs of land acquisition, site investigation, design services, administrative costs, equipment purchases and any other costs not specifically incurred within the construction contract or contracts awarded for the construction of the facility.

(4) "commissioner" means the commissioner of transportation and public facilities. (§ 1 ch 54 SLA 1975; am §§ 3, 4 ch 96 SLA 1977; am Executive Order No. 39, § 11 (1977); am §§ 5, 6 ch 176 SLA 1980)

§ 35.27.030

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PUBLIC BUILDINGS AND WORKS

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Effect of amendments. — The first 1977 amendment inserted "schools, office buildings, court buildings and other facilities which are designed for substantial public use" in paragraph (2) and added paragraph (3).
The second 1977 amendment

substituted "Department of Transportation and Public Facilities" for "Department of Public Works" in paragraph (1).
The 1980 amendment rewrote paragraph (2), and added paragraph (4).

Chapter 30. Consistency with Local Government Plans and Ordinances.

| Section | Section |
|---|-----------------|
| 10. Review and approval by local planning authorities | 30. Waiver |
| 20. Compliance with municipal ordinances | 40. Definitions |

Cross reference. — As to construction procedures, see AS 35.15.010 et seq.

Sec. 35.30.010. Review and approval by local planning authorities. (a) Except as provided in (b) of this section, before commencing construction of a public project,

(1) if the project is located in a municipality, the department shall submit the plans for the project to the planning commission of the municipality for review and approval;

(2) if the project is located within two miles of a village, the department shall submit the plans to the village council for review and comment.

(b) Prior approval by a municipal planning commission may not be required before the commencement of construction of a highway or local service road if

(1) the Department of Transportation and Public Facilities and the municipality have entered into agreement for the planning of the project under AS 19.20.060 or 19.20.070 and the plans for the project are completed in accordance with the terms of that agreement;

(2) the municipality has adopted a municipal master highway plan under AS 19.20.080 and the highway or local service road is consistent with the plan adopted; or

(3) the Department of Transportation and Public Facilities has entered into agreement with the municipality for the planning of transportation corridor under AS 19.10.280 and the plans for the project are completed in accordance with the provisions of that agreement.

(c) If final disapproval by resolution of the governing body of the affected municipality or village is not received within 90 days from the

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1 59 SLA 1949;
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Sec. 19.45.015. Highway construction near airports. (a) No person may construct, reconstruct, relocate, or extend a federal-aid highway within two miles of an airport, airstrip, or private air facility without first obtaining the written approval of the commissioner, as provided by regulation.

(b) The commissioner shall not approve the construction, reconstruction, relocation, or extension of a highway under this section if the construction would constitute a hazard to the traveling public or if the construction would otherwise not be in the public interest.

(c) The commissioner shall promulgate rules and regulations, to effectuate the purpose of this section, which are consistent with standards established by participating federal agencies. (§ 2 ch 90 SLA 1966; am Executive Order No. 39, § 11 (1977); AS 19.20.090)

Revisor's notes. — This section derives from AS 19.20.090 and was renumbered by the revisor of statutes pursuant to AS 01.05.031.

Pursuant to AS 01.05.031, the revisor of statutes has deleted "of transportation and public facilities" following "commissioner"

throughout the section.

Effect of amendments. — The 1977 amendment substituted references to the commissioner of transportation and public facilities for references to the commissioner of highways throughout the section.

Chapter 60. Ferry Terminal Facilities.

Section

- 10. Acquisition and maintenance of ferry terminal facilities
- 20. Connection of facilities to highways
- 30. Regulations
- 40. Private enterprise not affected

Section

- 50. Approval of department required for construction
- 60. Existing facilities not affected
- 70. Definitions

Sec. 19.60.010. Acquisition and maintenance of ferry terminal facilities. The department shall construct, purchase or lease ferry terminal facilities at locations it selects for the loading and unloading of passengers and vehicles under their own power, on and off ferries. The department shall repair and maintain these facilities. (§ 3 ch 189 SLA 1959)

Opinions of attorney general. — For discussion of police jurisdiction on the Alaska State Ferry System, see 1964 Op. Att'y Gen., No. 5.

Collateral references. — 35 Am. Jur. 2d, Ferries, §§ 1-5, 24-30.
36A C.J.S., Ferries, §§ 3-21.

Carrier's certificate of convenience and necessity, franchise, or permit as subject to transfer or encumbrance. 15 ALR2d 883.

Duty and liability as regards motor vehicles and occupants thereof. 69 ALR2d 1008.

Sec. 19.60.020. Connection of facilities to highways. The department may connect ferry terminal facilities with local highway systems. (§ 3 ch 189 SLA 1959)

Sec. 19.60.030. Regulations. The department may adopt rules and regulations governing the use of ferry terminal facilities by the public which it considers necessary and proper in the public interest. (§ 3 ch 189 SLA 1959)

Sec. 19.60.040. Private enterprise not affected. Any person may construct a ferry terminal facility upon obtaining the approval of the department as to its location. A ferry terminal facility constructed by a person other than the department is subject to reasonable rules and regulations governing its use which the department considers necessary and proper in the public interest. (§ 3 ch 189 SLA 1959)

Sec. 19.60.050. Approval of department required for construction. A ferry terminal facility shall not be constructed without the approval of the department. (§ 3 ch 189 SLA 1959)

Sec. 19.60.060. Existing facilities not affected. A ferry terminal facility in existence and serving the public on January 1, 1959, is not affected by this chapter. (§ 3 ch 189 SLA 1959)

Sec. 19.60.070. Definitions. As used this chapter 19.60.070

(1) "department" means the Department of Transportation and Public Facilities;

(2) "ferry" means a vessel used in the common carriage of passengers and self-propelled vehicles in intrastate commerce. (§ 2 ch 189 SLA 1959; am Executive Order No. 39, § 11 (1977))

Revisor's notes. — The definition of "highway" found in AS 19.45.001 includes a "ferry system, whether operated solely inside the state or to connect with a Canadian highway, and any such related facility."

Effect of amendments. — The 1977 amendment substituted a reference to the Department of Transportation and Public Facilities for a reference to the Department of Public Works in paragraph (1).

Chapter 65. Alaska Marine Highway System.

Section

- 10. Duty station or port change for employees of the Alaska marine highway system
- 20. Naming of vessel or facility

Sec. 19.65.010. Duty station or port change for employees of the Alaska marine highway system. No employee of the Alaska marine highway system may be relieved at a duty station or port which is outside the state. Appropriate state duty stations or ports for relief changes shall be designated by the Department of Public Works. (§ 1 ch 3 SLA 1977)

NOTES TO DECISIONS

Constitutionality. — Although this section is nondiscriminatory on its face, it clearly has the effect of discriminating in favor of ferry employees who reside in Alaska, and given the absence of some valid independent reason for the discrimination, this section is unconstitutional under the privileges and immunities clause (U.S. Const., art. 4, § 2). District No. 1 v. Ward, 505 F. Supp. 98 (W.D. Wash. 1981).

Where the enforcement of this section so disadvantages Washington residents as to substantially burden their accepting or retaining employment, no reason was given for changing the previous custom by which ferry employees were permitted to

change shifts in Seattle, and no important state interest to be served by the statute was advanced, this section was found to impose an unreasonable burden on interstate commerce and must fall under the commerce clause (U.S. Const., art. 1, § 8). District No. 1 v. Ward, 505 F. Supp. 98 (W.D. Wash. 1981).

Enforcement of section enjoined. — Federal district court permanently enjoined state officials from enforcing this section to the extent that such enforcement would bar employees of the Alaska marine highway from charging duty stations at regular ferry ports in the State of Washington. District No. 1 v. Ward, 505 F. Supp. 98 (W.D. Wash. 1981).

Collateral references. — 35 Am. Jur. 2d Ferries, §§ 10-16, 51-53.
36A C.J.S. Ferries, §§ 1(2), 22-25.

Sec. 19.65.020. Naming of vessel or facility. (a) A vessel or facility of the Alaska marine highway system constructed or acquired by the Department of Transportation and Public Facilities under AS 19.60 — 19.65 may be given a name only by law.

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

(c) A vessel used principally on the inland waterways of the state shall bear the name of a historical vessel which used the rivers of the state. (§ 2 ch 4 SLA 1981)

(b) "Industrial or commercial traffic" means

(1) travel necessary and related to resource exploration and development or to support of those activities, if the individual engaged in those activities has all necessary permits;

(2) travel necessary and related to access by local residents to their property; or

(3) motor carriers engaged in commerce which are common carriers or contract carriers regulated by the Alaska Transportation Commission under AS 42.10. (§ 3 ch 177 SLA 1980; am § 51 ch 59 SLA 1982)

Effect of amendments. — The 1982 amendment substituted "traffic" for "travel" in the introductory language of subsection (b), and deleted "or" at the end of paragraph (1) of that same subsection.

NOTES TO DECISIONS

Negligence action against state precluded. — Owner of semi-tractor was precluded by an indemnity and hold-harmless provision required by regulation from bringing suit against the state for its alleged negligence in maintaining the Dalton Highway. *Kuhn v. State*, Sup. Ct. Op. No. 2710 (File Nos. 6833, 7080), P.2d (1983).

Sec. 19.40.110. Public use of a portion of the highway.

NOTES TO DECISIONS

Quoted in *Kuhn v. State*, Sup. Ct. Op. No. 2710 (File Nos. 6833, 7080), P.2d (1983).

Chapter 45. Miscellaneous Provisions.

Sec. 19.45.001. Definitions.

NOTES TO DECISIONS

Maintenance. — Maintenance as defined in paragraph (9) refers to some type of active work undertaken to preserve the utility facility. *Johnson v. State*, Sup. Ct. Op. No. 2434 (File Nos. 4866, 4871, 4894), 636 P.2d 47 (1981).

Chapter 60. Ferry Terminal Facilities.

Section

70. Definitions

Sec. 19.60.070. Definitions. As used in this chapter

(1) "department" means the Department of Transportation and Public Facilities;

§ 19.60.070

§ 19.65.010

HIGHWAYS AND FERRIES

§ 19.65.010

(2) "ferry" means a vessel used in the common carriage of passengers and self-propelled vehicles in intrastate commerce. (§ 2 ch 189 SLA 1959; am Executive Order No. 39, § 11 (1977))

Editor's notes. — This section is set out above to correct an error in the main pamphlet.

Chapter 65. Alaska Marine Highway System.

Section

10. [Repealed]

Sec. 19.65.010. Duty station or port change or employees of the Alaska marine highway system. [Repealed by § 52 ch 59 SLA 1982.]

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Collateral references. — 39 Am. Jur.
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39A C.J.S., Highways, § 1 et seq.

Sec. 44.42.010. Commissioner of transportation and public facilities. The principal executive officer of the Department of Transportation and Public Facilities is the commissioner of transportation and public facilities. (E.O. No. 39, § 2 (1977))

Sec. 44.42.020. Powers and duties. (a) The department shall

(1) plan, design, construct and maintain all state modes of transportation and transportation facilities and all docks, floats, breakwaters, buildings and similar facilities;

(2) study existing transportation modes and facilities in the state to determine how they might be improved or whether they should continue to be maintained;

(3) study alternative means of improving transportation in the state with regard to the economic costs of each alternative and its environmental and social effects;

(4) develop a comprehensive, long-range intermodal transportation plan for the state;

(5) study alternatives to existing modes of transportation in urban areas and develop plans to improve urban transportation;

(6) cooperate and coordinate with and enter into agreements with federal, state and local government agencies and private organizations and persons in exercising its powers and duties;

(7) manage, operate, and maintain state transportation facilities and all docks, floats breakwaters and buildings, including all state highways, vessels, railroads, pipelines, airports, and aviation facilities;

(8) study alternative means of transportation in the state, considering the economic, social, and environmental impacts of each alternative;

(9) coordinate and develop state and regional transportation systems, considering deletions, additions, and the absence of alterations;

(10) develop facility program plans for transportation and state buildings, docks and breakwaters required to implement the duties set out in this section, including but not limited to (A) functional performance criteria; and (B) schedules for completion;

(11) supervise and maintain all state automotive and mechanical equipment, aircraft, and vessels, except vessels and aircraft used by the Department of Fish and Game or the Department of Public Safety;

(12) supervise aeronautics inside the state, under AS 02.10;

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(13) complete and maintain a current inventory of public facilities, including a projection of the serviceability of the facilities and projections of replacements and additions to facilities needed to provide the level of services programmed by the various user agencies, for municipalities with populations of less than 12,000 and for unincorporated communities, and perform those duties on a cooperative basis with larger municipalities;

(14) adopt energy performance standards for public facilities of the state, the construction of which begins after July 1, 1980; the standards shall be based on thermal and lighting energy standards established by the American Society of Heating, Refrigeration and Air Conditioning Engineers as adapted for application in high latitude, cold climate environments;

(15) provide planning assistance, including but not limited to energy audits and related technical services, to school districts and regional educational attendance areas to develop and implement

(A) standards for the design, construction and operation of rural educational facilities; and

(B) energy conservation measures for rural educational facilities.

(b) The department may

(1) engage in experimental projects relating to available or future modes of transportation and any means of improving existing transportation facilities and service;

(2) exercise the power of eminent domain, including the declaration of taking as provided in AS 09.55. (E.O. No. 39, § 2 (1977); am § 13 ch 168 SLA 1978; am § 12 ch 83 SLA 1980; am E.O. No. 50, § 10 (1981))

Cross references. — For the responsibility and authority of the supreme court over state court facilities, see AS 22.05.025.

Effect of amendments. — The 1980 amendment added paragraphs (14) and (15) to subsection (a).

The 1981 amendment, in subsection (a), deleted "communication facilities" following "transportation facilities" in paragraph (1), deleted "and communication facilities" following "modes and facilities" in paragraph (2), deleted "and communication" following "improving

transportation" in paragraph (3), deleted "communication facilities" following "transportation facilities" in paragraph (7), deleted "and communication facilities" following "plans for transportation" in paragraph (10), deleted "and" at the end of paragraph (11), deleted "and communications" following "aeronautics" and substituted a semicolon for a period near the end of paragraphs (12) and (13). The amendment also deleted "and communication" following "facilities and service" in paragraph (1) of subsection (b).

Sec. 44.42.030. Regulations. The department may adopt regulations under the Administrative Procedure Act (AS 44.62) to implement, interpret, or make more specific its powers and duties. (E.O. No. 39, § 2 (1977))

Sec. 44.42.040. Departmental organization. The commissioner shall establish regions within the state. The functions of the department within each region shall be performed, to the maximum extent

feasible, through a regional office. Each regional office shall be directed by a regional transportation and public facilities director appointed by the commissioner. (E.O. No. 39, § 2 (1977))

Sec. 44.42.050. State transportation plan. (a) The commissioner shall develop annually a comprehensive, intermodal, long-range transportation plan for the state. In developing and revising the state plan, the commissioner shall consider means and costs of improving existing modes and facilities, state and federal subsidies, and the costs and benefits of new transportation modes and facilities. The commissioner shall also consider the recommendation of the Alaska Transportation Planning Council. The plan shall be submitted to the governor for review and approval and submitted by the governor to the legislature.

(b) In developing and revising the plan, the commissioner shall seek public review and evaluation by any reasonable means and may

(1) consult and cooperate with officials and representatives of the federal government, other governments, interstate commissions and authorities, local agencies and authorities, interested corporations and other organizations concerning problems affecting transportation in the state; and

(2) request from an agency or other unit of the state government or of a political subdivision of it, or from a public authority, the assistance and data that may be necessary to enable the commissioner to carry out responsibilities under this section; every such entity shall provide the assistance and data requested.

(c) Copies of the plan, as revised, shall be kept on file as a public document in the office of the commissioner and at each regional office of the department.

(d) The plan shall include a description of projects planned for design and construction for the following two years. The description is in addition to the long-range plan required by (a) of this section and by AS 19.10.140. The description shall include an itemization of the estimated cost for each project and the total cost of all projects. The commissioner shall propose and forward to the governor for review and approval and inclusion, as approved, in the capital budget a construction program which includes the projects to be undertaken during the following two years, including recommended project priorities. Funds for transportation construction projects and necessary contingencies shall be itemized as allocations within the bill for the General Appropriations Act. (E.O. No. 39, § 2 (1977))

Sec. 44.42.055. State public facilities plan. (a) The commissioner shall develop and annually revise a statewide comprehensive facility procurement plan for public facilities of the state and its municipalities.

(b) In developing and annually revising the facility procurement plan, the commissioner shall

COMMITTEE SUBSTITUTE HOUSE BILL 68 (FINANCE) A.M.

SPONSORED BY REPRESENTATIVE BETTE CATO

13TH LEGISLATURE

Offered: 4/11/83
Referred: Rules

Original sponsors: Cato, Grussendorf
and Flood

1 IN THE HOUSE BY THE FINANCE COMMITTEE
2 CS FOR HOUSE BILL NO. 68 (Finance) am
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 THIRTEENTH LEGISLATURE - FIRST SESSION
5 A BILL
6 For an Act entitled: "An Act relating to ferries and ferry terminals and
7 establishing the Alaska Marine Highway Authority."
8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:
9 * Section 1. PURPOSE. The purpose of this Act is to establish an
10 authority for the operation, management, and planning and construction of
11 facilities for the marine highway system that is independent of the state
12 government. The authority shall be the exclusive state agency directly
13 associated with the operation, management, planning and construction of
14 facilities for the marine highway system.
15 * Sec. 2. AS 19 is amended by adding a new chapter to read:
16 CHAPTER 70. ALASKA MARINE HIGHWAY AUTHORITY.
17 ARTICLE 1. CREATION AND ORGANIZATION.
18 Sec. 19.70.010. ALASKA MARINE HIGHWAY AUTHORITY. The Alaska
19 Marine Highway Authority is established. The authority is a public
20 corporation of the state. The corporation is an instrumentality of
21 the state in the Department of Transportation and Public Facilities
22 but has a legal existence independent of and separate from the state
23 and has continuing succession until its existence is terminated by
24 law.
25 Sec. 19.70.020. DIRECTORS. (a) The authority consists of seven
26 directors appointed by the governor as follows: a representative of
27 commercial carriers, a representative of the maritime industry, a
28 representative of the tourism industry, and four members of the public
29 representing regions served by the marine highway as follows: (1) one

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

6 (b) The directors serve at the pleasure of the governor for
7 four-year terms. Each director shall hold office for the term of the
8 director's appointment and until a successor is appointed and qual-
9 ified. A director is qualified for reappointment. A vacancy in a
10 directorship occurring other than by expiration of term shall be
11 filled in the same manner as the original appointment but only for the
12 unexpired term.

13 (c) The directors must be residents of the state and qualified
14 voters and shall comply with the requirements of AS 39.50 (conflict of
15 interest). Each director before entering upon the director's duties
16 shall take and subscribe to an oath to perform the duties of office
17 faithfully, impartially, and justly to the best of the director's
18 ability. A record of the oath shall be filed with the Office of the
19 Governor.

20 (d) The directors of the authority serve without compensation,
21 but are entitled to travel and per diem expenses as provided in
22 AS 39.20.180.

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

1 affirmative vote of at least four directors. A vacancy in the direc-
2 torship of the authority does not impair the right of a quorum to
3 exercise all the powers and perform all the duties of the authority.

4 Sec. 19.70.040. STAFF. The authority shall employ an executive
5 director who serves at the pleasure of the authority as its chief
6 administrative officer. The executive director may with the approval
7 of the authority select and employ additional staff as necessary.
8 Employees of the authority other than legal counsel and the executive
9 director are in the classified service under AS 39.25. In addition to
10 its staff of regular employees, the authority may contract for and
11 engage the services of consultants, and professional, technical and
12 financial advisors the authority considers necessary for the purpose
13 of developing information, conducting hearings, studies, investiga-
14 tions or other proceedings, or otherwise exercising its powers.

15 ARTICLE 2. POWERS AND DUTIES.

16 Sec. 19.70.050. POWERS OF AUTHORITY. In addition to other
17 powers granted in this chapter, the authority may

- 18 (1) sue and be sued;
- 19 (2) adopt and alter an official seal;
- 20 (3) make and enforce bylaws and regulations for the conduct
21 of its business and for the use of its services and facilities;
- 22 (4) maintain offices at any place in the state and at
23 places out of the state that are served by the marine highway system;
- 24 (5) subject to appropriation by the legislature, acquire,
25 hold, use and dispose of its income, revenues, funds and money;
- 26 (6) acquire, hold, use, lease, rent, construct and dispose
27 of real and personal property for its purposes;
- 28 (7) operate, maintain, improve, and extend a system of
29 ferries connecting with the public roads and highways of the state and

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

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

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

9 (10) modify routes, after public hearings.

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

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

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

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

20 (4) require pre-payment for reservations;

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

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

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

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

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

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

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

9 ARTICLE 3. ACQUISITION OF PROPERTY.

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

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

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

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

9 ARTICLE 4. FERRY TERMINAL FACILITIES.

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

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

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

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

24 ARTICLE 5. GENERAL PROVISIONS.

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

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

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

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

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

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

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

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

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

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

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

1 passengers and self-propelled vehicles in commerce.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

LETTER OF INTENT
FOR
CS HB 68 (FINANCE)

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 HB 68 (FINANCE)

It is the policy of the state to:

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

The Legislature further declares that:

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

COMMITTEE SUBSTITUTE FOR HOUSE BILL 68 (FINANCE)

13TH LEGISLATURE

Offered: 4/11/83
Referred: Rules

Original sponsors: Cato, Grussendorf
and Flood

1 IN THE HOUSE BY THE FINANCE COMMITTEE
2 CS FOR HOUSE BILL NO. 68 (Finance)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA -
4 THIRTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to ferries and ferry terminals and
7 establishing the Alaska Marine Highway Authority."

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

9 * Section 1. PURPOSE. The purpose of this Act is to establish an
10 authority for the operation, management, and planning and construction of
11 facilities for the marine highway system that is independent of the state
12 government. The authority shall be the exclusive state agency directly
13 associated with the operation, management, planning and construction of
14 facilities for the marine highway system.

15 * Sec. 2. AS 19 is amended by adding a new chapter to read:

16 CHAPTER 70. ALASKA MARINE HIGHWAY AUTHORITY.

17 ARTICLE 1. CREATION AND ORGANIZATION.

18 Sec. 19.70.010. ALASKA MARINE HIGHWAY AUTHORITY. The Alaska
19 Marine Highway Authority is established. The authority is a public
20 corporation of the state. The corporation is an instrumentality of
21 the state in the Department of Transportation and Public Facilities
22 but has a legal existence independent of and separate from the state
23 and has continuing succession until its existence is terminated by
24 law.

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

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

6 (b) The directors serve at the pleasure of the governor for
7 four-year terms. Each director shall hold office for the term of the
8 director's appointment and until a successor is appointed and qual-
9 ified. A director is qualified for reappointment. A vacancy in a
10 directorship occurring other than by expiration of term shall be
11 filled in the same manner as the original appointment but only for the
12 unexpired term.

13 (c) The directors must be residents of the state and qualified
14 ^{am²} voters [at the time of appointment] and shall comply with the require-
15 ments of AS 39.50 (conflict of interest). Each director before enter-
16 ing upon the director's duties shall take and subscribe to an oath to
17 perform the duties of office faithfully, impartially, and justly to
18 the best of the director's ability. A record of the oath shall be
19 filed with the Office of the Governor.

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

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

1 affirmative vote of at least four directors. A vacancy in the direc-
2 torship of the authority does not impair the right of a quorum to
3 exercise all the powers and perform all the duties of the authority.

4 Sec. 19.70.040. STAFF. The authority shall employ an executive
5 director who serves at the pleasure of the authority as its chief
6 administrative officer. The executive director may with the approval
7 of the authority select and employ additional staff as necessary.
8 Employees of the authority other than legal counsel and the executive
9 director are in the classified service under AS 39.25. In addition to
10 its staff of regular employees, the authority may contract for and
11 engage the services of consultants, and professional, technical and
12 financial advisors the authority considers necessary for the purpose
13 of developing information, conducting hearings, studies, investiga-
14 tions or other proceedings, or otherwise exercising its powers.

15 ARTICLE 2. POWERS AND DUTIES.

16 Sec. 19.70.050. POWERS OF AUTHORITY. In addition to other
17 powers granted in this chapter, the authority may

- 18 (1) sue and be sued;
- 19 (2) adopt and alter an official seal;
- 20 (3) make and enforce bylaws and regulations for the conduct
21 of its business and for the use of its services and facilities;
- 22 (4) maintain offices at any place in the state and at
23 places out of the state that are served by the marine highway system;
- 24 (5) subject to appropriation by the legislature, acquire,
25 hold, use and dispose of its income, revenues, funds and money;
- 26 (6) acquire, hold, use, lease, rent, construct and dispose
27 of real and personal property for its purposes;
- 28 (7) operate, maintain, improve, and extend a system of
29 ferries connecting with the public roads and highways of the state and

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

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

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

9 (10) modify routes, after public hearings.

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

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

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

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

20 (4) require pre-payment for reservations;

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

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

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

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

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

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

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

9 ARTICLE 3. ACQUISITION OF PROPERTY.

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

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22 OF EXCHANGE. When a majority of the directors of the authority de-
23 clares that it is in the best public interest of the state to do so,
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25 publicly owned land or an interest in it for the purpose of exchanging
26 it for privately or publicly owned land that the authority is author-
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2 appropriate recording district. Upon vacating, title reverts to the
3 persons, heirs, successors, or assigns in whom it was vested at the
4 time of the taking. The authority may transfer land no longer con-
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6 ment of Natural Resources for disposal. The proceeds of disposal by
7 the Department of Natural Resources shall be credited to the funds
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11 FACILITIES. The authority may construct, purchase, or lease ferry
12 terminal facilities at locations it selects for the loading and un-
13 loading of passengers and vehicles under their own power, on and off
14 ferries. The authority shall repair and maintain these facilities.

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19 regulations governing the use of ferry terminal facilities by the
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22 terminal facility in existence and serving the public on January 1,
23 1959, is not affected by AS 19.70.110 - 19.70.170.

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28 the preceding fiscal year.

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15 (c) A vessel used principally on the inland waterways of the
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17 of the state.

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21 established by this chapter;

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23 tion, rehabilitation, rebuilding, enlarging, or improving of all or
24 any part of the marine highway system, including, without limitation,
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5 Sec. 35.27.025. APPLICATION TO ALASKA MARINE HIGHWAY AUTHORITY.
6 The requirements of this chapter apply to the Alaska Marine Highway
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8 the authority with respect to the public buildings and facilities of
9 the authority.

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12 constructed by the department or authority; the term

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

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

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

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

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

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

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

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

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

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

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

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

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

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

HOUSE FINANCE COMMITTEE

MINUTES OF HB 68

The next bill to be considered was HB 62.

HB 63

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

STEVE SOENKSEN, AIDE TO REPRESENTATIVE CATO, stated that the bill and idea has been around for sometime and been discussed in many committees. He said the bill sets up an authority to manage and operate the ferry system. He said the long term goal of the legislation and intent behind its formulation has been to move towards increased efficiency and accountability in the system. He said that if these two items are recognized it would possibly reduce the subsidy. Mr. Soenkson said the system is subsidized at the rate of 50 per cent of its operations. He said the fiscal note assumes that the Authority once established would recognize and want to fund existing as well as newly created positions. Mr. Soenkson referred to a section by section analysis included in the members packets as well as a DOT position paper.

Mr. Soenkson said one of the questions which comes up is the loss of federal funds following the establishment of an authority. He said federal funds are presently used for capital construction of the ferries themselves and referred to a letter from previous commissioner Ron Lind. Mr. Lind did not feel that federal funding would be jeopardized as it comes into the general fund and is reallocated or appropriated to the Marine Highway System.

Representative Adams asked if Representative Cato had some amendments to the bill. Mr. Soenkson said she may but is currently in Canada. Chairman Adams stated that the bill will be HELD until Monday at which time he plans to move the bill.

MARTY NUSBAUM, ACTING DIRECTOR, ALASKA MARINE HIGHWAY SYSTEM, stated the marine highway system is looking forward to working with the new Administration and new commissioner. He said several organization changes have already taken place, including the designation of a deputy commissioner for the marine highway system. Mr. Nusbaum said Commissioner Casey has yet to appoint a new deputy commissioner. He said they recognize that there are improvements which can be made and they ask, as did Commissioner Casey before the House Transportation Committee, for the opportunity to address the marine highway system through his own organization rather than through an authority.

Representative Lindauer asked how many main line ferries the state has. Mr. Nusbaum responded that there is the Columbia, Takur, Mal. pina, and Matanuska are considered Southeast main line ferries. He said the Tustumina is considered a main line ferry in the Southwest.

(Tape Change 83-34, Side 1)

There was lengthy discussion concerning the department's fiscal note and positions to be transferred or newly created should an authority be established.

RECESS

Chairman Adams called a recess at 2:30 p.m. The meeting reconvened at 2:35 p.m.

Representative Grussendorf stated that this legislation has been moving through the halls for a number of years. He said that the Department has been made aware of the problems associated with the ferry system including unreliability, and use as a tour boat for outside travelers. He said there are questions about the quality of service and quantity of service to passengers. Representative Grussendorf recognized the fact that the Department of Transportation is a planning and engineering department of the state and had a section called service which was the Alaska Marine Highway System. He said he could understand why there could be a problem. Representative Grussendorf said the new commissioner has indicated that he has made every intent of improving the quality of the Alaska Marine Highway System. He said the intent of the creation of an Authority was to put pressure on the Department to look at the system and its inadequacies.

Representative Grussendorf said he would like to see this legislation move but has fears arise when thinking of the transfer to a new authority in comparison with the new commissioners desire to do a good job with the system. He felt that it would be best to give the new Administration time to address the problems with the Marine Highway System prior to moving the legislation to create a new Authority.

Chairman Adams asked Representative Grussendorf to review the fiscal note prior to Monday, April 4. He stated that Representative Flood is looking at keeping the system within the Department of Transportation. Representative Grussendorf asked if the fiscal note could be reviewed on Tuesday, April 5 as he would be out of town on April 4. Chairman Adams agreed to this date.

Representative Lindauer presented an amendment to HB 68 for the committee consideration (see attachment 1). Representative Lindauer MOVED AND ASKED UNANIMOUS CONSENT that page 2 of his amendments, number (4) be changed to read "require pre-payment for reservations". Representative Martin OBJECTED FOR DISCUSSION. Representative Martin asked if this would exclude individuals who have been given special privileges. Representative Lindauer did not think so. There being NO OBJECTION, it was so ordered.

Chairman Adams stated that HB 68 would come before the committee on Tuesday, April 5.

ADJOURNMENT

The meeting adjourned at 2:45 p.m.

(Tape HFC 83-33, side 2 #001-end)
(Tape HFC 83-34, Side 1 #001-#472)

HOUSE FINANCE COMMITTEE

April 5, 1983

3:00 p.m.

(Tape HFC 83-34, Side 2 #331)

CALL TO ORDER

Chairman Adams called the meeting to order at 3:00 p.m. and informed members that the first bill to be considered would be SSHB 33.

PRESENT

All members of the committee were in attendance except Representative Zharoff. ALSO PRESENT: Representative Tischer; Representative Ringstad; Representative Uehling; Don Cubley, Inland Boatmans Union; and Mike Wilson, Inland Boatmans Union.

SSHB 33

SSHB 33 - An Act making a special appropriation to the Department of Public Safety for a state trooper facility in Anchorage; and providing for an effective date.

Representative Ward MOVED to report out of committee CSSSHB 33 (Finance). There being NO OBJECTION, it was so ordered. CSSSHB 33 (Finance) was reported out of committee with a "do pass" recommendation.

The next bill to be considered was HB 68.

HB 68

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

Representative Grussendorf, who had been assigned to review the fiscal note and suggested amendments for HB 68, provided members with a copy of proposed amendments made by Representative Cato. (attachment 1) He explained that many of these were duplicative of the amendments proposed by Representative Lindauer and previously approved by the committee. (see attachment 2) Representative Grussendorf felt that amendment number one as proposed by Representative Cato would be more appropriate as a Letter of Intent to be included with the committee substitute. He MOVED that Representative Lindauer's amendment to insert "DUTIES OF AUTHORITY" on page 4, line 3 be rescinded. Representative Lindauer OBJECTED.

RECESS

Chairman Adams called a recess at 3:07 p.m. The meeting was recalled to order at 3:11 p.m.

Representative Grussendorf WITHDREW HIS MOTION TO RESCIND THE COMMITTEE'S PREVIOUS ACTION. There being NO OBJECTION, it was so ordered. Representative Grussendorf MOVED to delete (8) on page 4, following line 8 as included in Representative Lindauer's amendment.

Representative Martin referred to Representative Lindauer's amendment which would read "recognize Alaskan-based unions and employee associations wherever possible" and expressed concern with unions which do not have their base within Alaska and potential problems with the national labor relations board act. He felt that the inclusion of this amendment would create more problems than eliminate and asked Representative Lindauer if he would withdraw the amendment. Representative Lindauer objected and felt that any problems associated with the national labor relations board is covered by the inclusion of the words "wherever possible". He said that this does not mandate that they recognize Alaska based unions. Representative Pestinger stated that from a legal standpoint he felt the amendment which states "employ residents of Alaska to the greatest extent legally possible" does not conflict with the commerce clause. He agreed with Representative Martin's concern with regard to Alaska based unions and said the language "wherever possible" is suspect to court attack under a doctrine of preemption of federal jurisdiction under the national labor relations act.

Representative Martin WITHDREW HIS OBJECTION and there being NO OBJECTION the motion to delete subsection (8) of Representative Lindauer's amendment was so ordered.

Representative Pestinger MOVED to change the newly numbered section (8) to read "recognize Alaskan-based unions and employee associations to the greatest extent legally possible". Representative Martin OBJECTED FOR DISCUSSION. He said that he concurs with part of the amendment but stated that any group can try to form together and say they are the Alaskan-based group. He asked if a new group should decide that they are the union foundation would they be sanctioned over the parent group in Seattle. Representative Lindauer said that if it is outside the laws of the NLRB and not possible the amendment will have no effect but if it is possible to have an Alaska based organization that of course is preferable. Representative Martin MAINTAINED HIS OBJECTION.

IN FAVOR: Duncan, Grussendorf, Lindauer, Pestinger, Adams, Bettisworth, Flood, Ward, Hurlbert

OPPOSED: Martin

The MOTION PASSED. (9-1)

Representative Duncan referred to Representative Lindauer's amendment which reads "schedule vessel sailings to maximize the frequency of service to all ports within the state. Representative Duncan hoped that this would not be interpreted by the Authority to mean they have the flexibility to look at cutting off a profitable run from Seattle to Southeastern Alaska. Representative Lindauer MOVED to change the section to read "schedule vessel sailings to maximize the frequency of service to all ports". There being NO OBJECTION, it was so ordered.

Representative Martin MOVED that the new subsection 9 be deleted. Representative Lindauer OBJECTED. Representative Martin felt that the word "unions" is too broad in its content and that there is no need for the inclusion of this statement in the legislation. He felt that it is too emotional of an issue.

The QUESTION was called for. The MOTION FAILED.

Representative Grussendorf MOVED that a Letter of Intent be drafted incorporating Representative Catos' amendment number 1. There being NO OBJECTION, it was so ordered.

Representative Grussendorf MOVED to report out of committee the fiscal note dated March 24, 1983. There being NO OBJECTION, it was so ordered.

DON CUBLEY, REPRESENTING THE INLAND BOATMANS UNION OF THE PACIFIC, stated that it is an acknowledged fact that there is room for improvement in the Marine Highway System, especially in the administration and scheduling of the ferries. Mr. Cubley said the most frequent heard criticisms are: (1) a lack of space; over bookings; poor reservation systems in general; and (2) lack of availability and frequency of ferry service to outlying communities such as Metlakatla and Prince of Wales Island on a year round basis. He said his clients are glad that the new administration, in particular the new commissioner, have shown a sensitivity to the problems and acknowledged shortcomings of the system. He said that they disagree with the commissioner's opposition to the legislation. Mr. Cubley said that his clients believe it may be the first step in improving the efficiency and responsiveness of the system that is the life blood of those who live in Southeastern Alaska and a great service to all the people of Alaska. He said many people touring Alaska see the marine highway system as their first exposure to Alaska. He said if it were a private maritime company it would surely be considered a large, if not one of the largest, shipping fleets on the seas today. He said that those who skipper and man the ships feel that the system and the services it provides all Alaskans is too large, too important, and too essential to be a subsection or department within the department of Transportation and Public Facilities. Mr. Cubley said that the Inland Boatmans Union of

the Pacific and the Masters, Mates and Pilots International support the concept and main thrust of HB 68.

Mr. Cubley said they do have some concerns with the bill in its existing form. The first concern was the fact that collective bargaining rights of all three unions, which have been running the ships for the last 20 years, is not addressed. He said they feel that before the bill is approved it would be helpful to have a section which identifies collective bargaining and protects it. He said the ability of the ships to run to and from Seattle needs to be protected. He said it is one of the most used and needed schedulings. Therefore, they had a concern with amendment number two which he felt had now been addressed by the committee. He said that assuming the collective bargaining rights are identified and protected and the integrity of the system maintained they would support passage of HB 68.

Representative Bettisworth MOVED to adopt a committee substitute for HB 68. There being NO OBJECTION, it was so ordered.

Representative Bettisworth MOVED that CSHB 68 (Finance) be reported out of committee along with the fiscal note dated 3/24/83 and Letter of Intent. Representative Duncan OBJECTED. He said he was surprised the committee was willing to adopt the fiscal note saying there is a lot of room for adjustment. He did not feel the committee would want to adopt a Letter of Intent which says the Authority is to provide the best level of service in a fiscally sound manner and then adopt a \$2 million dollar fiscal note.

Representative Duncan WITHDREW HIS OBJECTION. There being NO OBJECTION, it was so ordered and CSHB 68 (Finance) was reported out of committee with the fiscal note dated 3/24/83, a Letter of Intent and a "oo pass" recommendation.

The next bill to be considered was HB 130.

HB 130

HB 130 - An Act relating to homestead entry.

(Tape change 83-35, Side 1)

REPRESENTATIVE UEHLING, explained that the homestead bill is similar to a bill which was introduced last year and passed the senate and house but became a Christmas tree bill and was killed. He said the bill gets the land out to the people and is a popular idea endorsed by citizens of the state.

REPRESENTATIVE RINGTAD stated the Resources committee felt that a minimum acreage should be established and was set at 40 acres with a maximum of 100 acres. He said that some individuals felt there should be an agriculture requirement. He said if a person

HOUSE BILL 68 AMENDMENTS

HB 68 AMENDMENTS

~~Amendment 1~~

~~Page 1, Line 15~~

It is the policy of the state to:

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

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

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

The legislature declares that

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

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

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

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

according to sound business management practices;

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

in a fiscally sound manner.

Amendment 2

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

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

Page 2, Line 2: Delete "and"

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

Amendment 3

Page 4, following line 8

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

require pre-payment for reservations

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

employ residents of Alaska to the greatest extent
possible

enter into agreements with employee associations
and/or unions

Alaska State Legislature

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



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

House of Representatives

March 22, 1983

A M E N D M E N T

By Lindauer *A.J.*

Offered in the HOUSE

TO: HB 68

Page 1, line 29:

Delete "two" and insert "one"

Page 2, line 1:

Delete "members" and insert "member"

Page 2, line 2:

Delete "and"

Page 2, line 3:

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

Page 4, following line 8:

Insert the following:

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

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

(2) schedule vessel sailings to maximize the frequency of service to ^{All} ports; ~~within the state.~~

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

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

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

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

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

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

⁽⁸⁾ ~~to the extent legally~~ recognize Alaskan-based unions and employee associations ~~wherever~~ possible."

Page 4, line 16, following "revised":

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

HOUSE BILL 68
BY REPRESENTATIVE BETTE CATO
13TH LEGISLATURE

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

1 IN THE HOUSE

BY CATO AND GRUSSENDORF

2

HOUSE BILL NO. 68

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to ferries and ferry terminals and
7 establishing the Alaska Marine Highway Authority."

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

9 * Section 1. PURPOSE. The purpose of this Act is to establish an
10 authority for the operation, management, and planning and construction of
11 facilities for the marine highway system that is independent of the state
12 government. The authority shall be the exclusive state agency directly
13 associated with the operation, management, planning and construction of
14 facilities for the marine highway system.

15 * Sec. 2. AS 19 is amended by adding a new chapter to read:

16 CHAPTER 70. ALASKA MARINE HIGHWAY AUTHORITY.

17 ARTICLE 1. CREATION AND ORGANIZATION.

18 Sec. 19.70.010. ALASKA MARINE HIGHWAY AUTHORITY. The Alaska
19 Marine Highway Authority is established. The authority is a public
20 corporation of the state. The corporation is an instrumentality of
21 the state in the Department of Transportation and Public Facilities
22 but has a legal existence independent of and separate from the state
23 and has continuing succession until its existence is terminated by
24 law.

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

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

5 (b) The directors serve at the pleasure of the governor for
6 four-year terms. Each director shall hold office for the term of the
7 director's appointment and until a successor is appointed and qual-
8 ified. A director is qualified for reappointment. A vacancy in a
9 directorship occurring other than by expiration of term shall be
10 filled in the same manner as the original appointment but only for the
11 unexpired term.

12 (c) The directors must be residents of the state and qualified
13 voters at the time of appointment and shall comply with the require-
14 ments of AS 39.50 (conflict of interest). Each director before enter-
15 ing upon the director's duties shall take and subscribe to an oath to
16 perform the duties of office faithfully, impartially, and justly to
17 the best of the director's ability. A record of the oath shall be
18 filed with the Office of the Governor.

19 (d) The directors of the authority serve without compensation,
20 but are entitled to travel and per diem expenses as provided in
21 AS 39.20.180.

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

1 directorship of the authority does not impair the right of a quorum to
2 exercise all the powers and perform all the duties of the authority.

3 Sec. 19.70.040. STAFF. The authority shall employ an executive
4 director who serves at the pleasure of the authority as its chief
5 administrative officer. The executive director may with the approval
6 of the authority select and employ additional staff as necessary.
7 Employees of the authority other than legal counsel and the executive
8 director are in the classified service under AS 39.25. In addition to
9 its staff of regular employees, the authority may contract for and
10 engage the services of consultants, and professional, technical and
11 financial advisors the authority considers necessary for the purpose
12 of developing information, conducting hearings, studies, investiga-
13 tions or other proceedings, or otherwise exercising its powers.

14 ARTICLE 2. POWERS AND DUTIES.

15 Sec. 19.70.050. POWERS OF AUTHORITY. In addition to other
16 powers granted in this chapter, the authority may

- 17 (1) sue and be sued;
- 18 (2) adopt and alter an official seal;
- 19 (3) make and enforce bylaws and regulations for the conduct
20 of its business and for the use of its services and facilities;
- 21 (4) maintain offices at any place in the state and at
22 places out of the state that are served by the marine highway system;
- 23 (5) subject to appropriation by the legislature, acquire,
24 hold, use and dispose of its income, revenues, funds and money;
- 25 (6) acquire, hold, use, lease, rent, construct and dispose
26 of real and personal property for its purposes;
- 27 (7) operate, maintain, improve, and extend a system of
28 ferries connecting with the public roads and highways of the state and
29 including the boats, vessels, wharves, docks, approaches, landings and

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

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

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

8 (10) modify routes, after public hearings.

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

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

17 ARTICLE 3. ACQUISITION OF PROPERTY.

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

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

7-0
1 OF EXCHANGE. When a majority of the directors of the authority de-
2 clares that it is in the best public interest of the state to do so,
3 the authority may acquire by purchase, gift, or exchange privately or
4 publicly owned land or an interest in it for the purpose of exchanging
5 it for privately or publicly owned land that the authority is author-
6 ized by law to acquire.

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

17 ARTICLE 4. FERRY TERMINAL FACILITIES.

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

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

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

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

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

3 ARTICLE 5. GENERAL PROVISIONS.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

7 (1) plan, design, construct and maintain all state modes of
8 transportation and transportation facilities and all docks, floats,
9 breakwaters, buildings and similar facilities, except that the depart-
10 ment is not responsible for planning, design, construction, or mainte-
11 nance of transportation modes or facilities under the jurisdiction of
12 the Alaska Marine Highway Authority;

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

14 (7) manage, operate, and maintain state transportation
15 facilities and all docks, floats, breakwaters and buildings, including
16 all state highways, vessels, railroads, pipelines, airports, and
17 aviation facilities, except that the department is not responsible for
18 management, operation, or maintenance of transportation facilities,
19 vessels, or equipment under the jurisdiction of the Alaska Marine
20 Highway Authority;

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

22 * Sec. 10. APPOINTMENT OF FIRST DIRECTORS OF ALASKA MARINE HIGHWAY
23 AUTHORITY. The governor shall designate the terms of the directors of the
24 Alaska Marine Highway Authority first appointed under AS 19.70.020. Of the
25 seven directors first appointed

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

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

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

SECTION-BY-SECTION ANALYSIS

OF

HB 68

HB 68

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

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

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

ARTICLE 1

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

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

Most language in this section is found in existing law for other authorities or boards pertaining to qualifications, conflict of interest... Directors serve without compensation, but are entitled to travel and per diem expenses.

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

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

ARTICLE 2

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

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

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

ARTICLE 3

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

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

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

ARTICLE 4

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

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

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

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

ARTICLE 5

Sec. 19.70.150 ANNUAL REPORT. By March 1 of each year, the authority shall submit to the governor and the legislature a comprehensive report describing the operations, income, and expenditures for the preceding calendar year.

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

Sec. 19.70.170 BUDGET AND APPROPRIATIONS The authority is funded by the legislature through the governor by the Executive Budget Act (AS 37.07) Money is directly appropriated and may be spent as authorized.

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

Sec. 19.70.199 DEFINITIONS should be self explanatory.

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

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

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

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

HOUSE TRANSPORTATION COMMITTEE MINUTES
OF HB 68

STATE OF ALASKA
THE LEGISLATURE

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

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May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

| | | |
|---------------------|---------|--------|
| House <u>TRANS.</u> | 2-17-83 | 8:30am |
| | 2-18-83 | 8:30am |
| | 2-22-83 | 8:30am |
| | 3-18-83 | 8:30am |

HISTORY OF LEGISLATION
&
THE HOUSE JOURNAL OF THE 13TH LEGISLATURE

BILL HISTORY OF HOUSE BILL 68
ALASKA MARINE HIGHWAY AUTHORITY
13th LEGISLATURE

HOUSE BILL 68 was introduced by Representative Cato January 18, 1983 and referred to the House Transportation and Finance Committees.

House Bill 68 would establish the Alaska Marine Highway Authority for the operation, management, and planning and construction of facilities for the marine highway system that is independent of the state government (separate from the Department of Transportation and Public Facilities). The Authority would be made up of a board of directors appointed by the Governor, representative of the maritime and tourism industries, commercial carriers, and four members representing regions of the state served by the system. The Authority would be responsible for operating, maintaining, improving and extending a system of ferries connecting with the public roads and highways of the state, and for establishment of rates and tariffs, and for the modification of routes, after public hearings. The Authority would also prepare a long-range plan for the development and improvement of the system with the cooperation of the Department of Transportation and Public Facilities.

Gives the Authority the power to acquire property it considers necessary for public use, to construct, purchase, or lease ferry

terminal facilities, and to connect facilities to local highway systems. Amends sections relating to the powers and duties of the Department of Transportation and Public Facilities by stating the Department would no longer be responsible for management, operation, planning, design, construction, etc. of the Alaska Marine Highway system.

Repeals existing laws relating to the ferry system: AS 19.60.010-19.60.707 (Highways and Ferries. Ferry Terminal Facilities); AS 19.65 (Alaska Marine Highway system). Does not provide for an effective date (effective 90 days after Governor's signature).

CSHB 68 (FINANCE)

PAGE 1, LINE 29

PAGE 2, LINE 1 Eliminates one of the two members from southeast

PAGE 2, LINE 3&4 Adds to the Authority a member representing Alaska.

PAGE 4, LINE 10-28 Adds new section listing duties of the Authority.

PAGE 5, LINE 7 Requires legislative approval of revisions or updates to the Authority's comprehensive

long-range plan.

Attached letter of intent

CSHB 68 (FINANCE) (AMENDED)

PAGE 2, LINE 13 Deleted from the language from the section on directors "(c) The directors must be residents of the state and qualified voters [at the time of appointment] and shall comply with the requirements of AS 39.50 (conflict of interest).

The bill passed the House 25-14-1

The Finance letter of intent was adopted 23-14-2

The bill passed the House on reconsideration 24-14-0-2

The letter of intent was adopted on reconsideration 24-14-0-2

CSHB 68 (FINANCE)(AMENDED) was sent to the Senate May 27 and referred to Transportation and Finance. It never was heard in Senate Transportation.

HB 68 AN ACT RELATING TO FERRIES AND FERRY TERMINALS AND ESTABLISHING THE ALASKA MARINE HIGHWAY AUTHORITY

AMENDED TITLE: CS*(FIN)AM

PRIME SPONSORS: CATO

CO-SPONSORS: GRUSSENDORF FLOOD

| <u>DATE</u> | <u>SEQ. NO.</u> | <u>JOURNAL PAGE</u> | <u>HOUSE ACTION</u> | <u>DATE</u> | <u>SEQ. NO.</u> | <u>JOURNAL PAGE</u> | <u>SENATE ACTION</u> |
|-------------|-----------------|---------------------|--|-------------|-----------------|---------------------|------------------------------------|
| 01/18/83 | 01 | 0044 | FIRST READING -- COMMITTEE REPORTS | ** 05/27/83 | 21 | 1134 | FIRST READING -- COMMITTEE REPORTS |
| 03/21/83 | 02 | 0571 | TRAN -- DP03, DHP02, NR02 | | | | TRANSPORTATION |
| 03/21/83 | 03 | 0571 | TRSP F/NOTE HSE SUPPL #27 | | | | FINANCE |
| 04/11/83 | 04 | 0807 | FIN -- CS02, NR05 | | | | RULES |
| 04/11/83 | 05 | 0807 | FIN LETTER OF INTENT | | | | |
| 04/11/83 | 06 | 0807 | FIN F/NOTE HSE SUPPL #37 | | | | |
| 05/25/83 | 07 | 1529 | SECOND READING | | | | |
| 05/25/83 | 08 | 1529 | FIN CS ADOPTED BY UNAN CONSENT | | | | |
| 05/25/83 | 09 | 1529 | AM01 WITHDRAWN | | | | |
| 05/25/83 | 10 | 1530 | ADVANCED TO 3RD READING BY UNAN CONSENT | | | | |
| 05/25/83 | 13 | 1530 | AM02 ADOPTED BY UNAN CONSENT | | | | |
| 05/25/83 | 14 | 0000 | ADVANCED TO 3RD READING BY UNAN CONSENT | | | | |
| 05/25/83 | 11 | 1530 | THIRD READING | | | | |
| 05/25/83 | 12 | 1530 | RETURNED TO 2ND READING BY UNAN CONSENT | | | | |
| 05/25/83 | 15 | 1531 | PASSED BY DIV 25-14-01 | | | | |
| 05/25/83 | 16 | 1532 | LETTER OF INTENT ADPTD BY DIV 23-14-03 | | | | |
| 05/25/83 | 17 | 1532 | NOTICE OF RECONSIDERATION GIVEN | | | | |
| 05/26/83 | 18 | 1549 | FAILED TO RETN 2ND READING BY DIV 13-25-02 | | | | |
| 05/26/83 | 19 | 1550 | PASSED ON RECONSIDERATION BY DIV 24-14-02 | | | | |
| 05/26/83 | 20 | 1551 | LETTER OF INTENT ADOPTED BY DIV 24-14- | | | | |

✓ HB 68

HOUSE BILL NO. 68 by Cato and Grussendorf, entitled:

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

was read the first time and referred to the Transportation and Finance Committees.

HB 69

HOUSE BILL NO. 69 by Cato, entitled:

"An Act relating to the Department of Transportation and Public Facilities and establishing the Board of Transportation and Public Facilities at the head of the department."

was read the first time and referred to the Transportation and Finance Committees.

HB 70

HOUSE BILL NO. 70 by Cato, entitled:

"An Act relating to regions in the Department of Transportation and Public Facilities and prescribing the duties of regional transportation and public facilities directors."

was read the first time and referred to the Transportation and Finance Committees.

HB 71

HOUSE BILL NO. 71 by Shultz and Phillips, entitled:

"An Act relating to the teachers' retirement system; and providing for an effective date."

was read the first time and referred to the Labor & Commerce, State Affairs and Finance Committees.

HB 72

HOUSE BILL NO. 72 by Shultz,

"An Act making a special appropriation to the Department of Public Facilities for certain transportation projects; and providing for an effective date."

was read the first time and referred to the Transportation and Finance Committees.

Senator Faiks and Senator Hagan were given congratulations from the Senate for their organized and ready to do business.

UNFINISH

Representative M. M. Miller consented that Representative of the House January 21, 1983. There being no objection, it

Representative M. M. Miller be added as co-sponsors to

HB 9

HOUSE BILL NO. 9 (making a special appropriation to the Department of Environment and Conservation)

Representative La
Representative Ko
Representative We
Representative Mc
Representative M.
Representative Va
Representative Da

HB 20

HOUSE BILL NO. 20 (relating to the Alaska Public Offices and the standards of conduct for public

March 21, 1983, was read stating that the following resolution and has transmitted and enrolled copies to the Lieutenant Governor for permanent filing:

SPECIAL CONCURRENT RESOLUTION
(disapproving Executive Order No. 7.)

Executive Resolve No. 7.

MESSAGES FROM THE SENATE

March 18, 1983, was read stating that the following citation and it is under consideration:

Bring Close-Up Students
for Ferguson and All Other Members
to the Senate

referred to the Rules Committee for placement on the calendar.

March 18, 1983, was read stating that the following is transmitting for consideration:

REPORTING AND REFERENCE OF SENATE BILLS

REPORT FOR SENATE BILL NO. 24 (Judiciary)
Judiciary Committee, entitled:

relating to penalties for assault on a peace officer, fire fighter, police officer, or other emergency personnel.

referred to the Judiciary Committee.

REPORTS OF STANDING COMMITTEES

SCR 3

The Finance Committee has had SENATE CONCURRENT RESOLUTION NO. 3 (extending the life of the Blue Ribbon Commission on the State Personnel Act) under consideration and reports it back as follows: Bettisworth, Flood, Ward, Hurlbert, Zharoff, Duncan, Grussendorf and Lindauer recommend do pass; Pestinger recommends do not pass; and Adams (Chairman) and Martin have no recommendation. A new fiscal note was attached.

SCR 3 was referred to the Rules Committee for placement on the calendar.

The new fiscal note appears in House Journal Supplement No. 27.

HB 68

The Transportation Committee has had HOUSE BILL NO. 68 (relating to ferries and ferry terminals and establishing the Alaska Marine Highway Authority) under consideration and reports it back as follows: Cato (Chairman), Herrmann and M. W. Miller recommend do pass; McBride and Lacher recommend do not pass; and Abood and Phillips have no recommendation. A fiscal note was attached.

HB 68 was referred to the Finance Committee.

The fiscal note appears in House Journal Supplement No. 27.

HB 103

The Finance Committee has had HOUSE BILL NO. 103 (establishing a Department of Corrections and transferring certain functions of the Department of Health and Social Services to the Department of Corrections; effective date) under consideration, recommends it be replaced with COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 103 (Judiciary) (same title) (page 533 of the journal), and reports it back as follows: Bettisworth (Vice-Chairman), Pestinger, Hurlbert, Lindauer, Ward, Grussendorf, Flood and Martin recommend do pass; Zharoff recommends do not pass; and Duncan recommends "do pass without transfer of juveniles." A new fiscal note was attached.

HB 103 appears on today's calendar.

The new fiscal note appears in House Journal Supplement No. 27.

ATE BILL NO. 161 (Finance) by
ed:

appropriation to the
Technology Center for
trol education; and
ective date."

ferred to the House Special
ie Finance Committee.

PENDING COMMITTEES

had COMMITTEE SUBSTITUTE FOR
e) (making a supplemental ap-
ent fund dividends; effective
id reports it back as follows:
Flood, Ward, Hurlbert, Zharoff,
and Bettisworth recommend do

to the Rules Committee for

ad SPONSOR SUBSTITUTE FOR HOUSE
he determination of population
amounts of state aid; effective
recommends it be replaced with
NSOR SUBSTITUTE FOR HOUSE BILL
le), and reports it back as
Martin and Ward recommend do
can and Zharoff have no recom-
te was attached.

Rules Committee for placement on

ad HOUSE BILL NO. 68 (relating
als and establishing the Alaska
nder consideration, recommends

HB 68

it be replaced with COMMITTEE SUBSTITUTE FOR HOUSE BILL NO.
68 (Finance) (same title), and reports it back as follows:
Flood and Ward recommend do pass; Adams (Chairman), Zharoff,
Kestinger, Duncan and Martin have no recommendation. A
letter of intent and a new fiscal note were attached.

HB 68 was referred to the Rules Committee for placement on
the calendar.

The new fiscal note appears in House Journal Supplement No.
47. The letter of Intent appears below:

LETTER OF INTENT
FOR
CSHB 68 (FINANCE)

It is the policy of the state to:

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

The Legislature further declares that:

- 1) in the interest of the people of the state it is necessary to exercise the powers of the state to accomplish the policy as stated above by authorizing the creation of a public authority with the powers, duties, and functions as provided in this Act to operate the Alaska Marine Highway System and to manage its facilities;
- 2) it is in the best interests of the state for the public authority to operate and manage, in a prudent manner, the Alaska Marine Highway System created in this Act;
- 3) it is in the best interests of the state to provide the best possible combination of types and levels of safe, efficient, and economical transportation that is necessary to meet the overall needs of the state, supported by state investments, when necessary;
- 4) it is in the best interests of the state to minimize state subsidy and for the authority to function as an

HB 68

enterprise entity in an attempt to become self-sustaining, to carry out the Authority's responsibilities; according to sound business management practices to provide the level of service that best satisfies the needs of the people of the state in a fiscally sound manner.

Respectfully submitted,

/s/

Al Adams, Chairman

SSHB 88

The Health, Education & Social Services Committee has had SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 88 (making a special appropriation to the Department of Health and Social Services for the acquisition and improvement of the Buchner Building in Whittier as a correctional facility; effective date) under consideration and reports it back as follows: Tischer (Co-Chairman) and M. W. Miller recommend do pass; Fritz (Co-Chairman), Goll and Davis have no recommendation.

SSHB 88 was referred to the Finance Committee.

HB 196

The Health, Education & Social Services Committee has had HOUSE BILL NO. 196 (relating to provision of adequate housing for public school teachers in rural areas) under consideration and reports it back as follows: Fritz (Co-Chairman), Davis, Koponen and Goll recommend do pass. A zero fiscal note was attached.

HB 196 was referred to the Finance Committee.

HB 230

The Health, Education & Social Services Committee has had HOUSE BILL NO. 230 (relating to licensing and regulation of the practice of medicine) under consideration, recommends it be replaced with COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 230 (HESS):

"An Act relating to licensing and regulation of the practice of medicine and extending the termination date of the State Medical Board; and providing for an effective date."

HB 230

and reports it back as follows: Cato, Goll, Koponen and Davis recommend do pass. A zero fiscal note was attached.

HB 230 was referred to the Finance Committee.

The new fiscal note appears in the Finance Committee report on page 37.

HB 276

The Resources Committee has had the Alaska Agricultural Loan Program under consideration, recommends it be replaced with SUBSTITUTE FOR HOUSE BILL NO. 276 (relating to the Alaska Agricultural Loan Program) and reports it back as follows: Liska, and Larson recommend do pass; Vaska have no recommendation. A zero fiscal note was attached.

HB 276 was referred to the Finance Committee.

INTRODUCTION, FIRST READINGOF HOUSE BILLSHB 345

HOUSE BILL NO. 345 by Floor Action, entitled:

"An Act relating to the sentencing of persons convicted of a crime and providing for changes in sentencing."

was read the first time and referred to the Finance Committee.

INTRODUCTION OF CITATIONS

Citations were received:

Neil Finnesand
Representative Shultz

Ken Eichner
Representatives McBride, Wendte
and Ziegler

They were referred to the Rules Committee
of the calendar.

COMMITTEE FIRST READING AND REFERENCEOF HOUSE BILLS

by Hayes, entitled:

"Relating to group life insurance;
and providing for an effective date."

It was read a second time and referred to the Labor and

CONSIDERATION OF THE DAILY CALENDARSECOND READING OF HOUSE BILLSHB 68

HOUSE BILL NO. 68 (relating to ferries and ferry terminals and establishing the Alaska Marine Highway Authority) was read the second time with the Transportation Committee report (page 571 of the journal), and the Finance Committee report (page 806 of the journal).

Representative Barnes moved and asked unanimous consent that COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 68 (Finance) (same title) be adopted in lieu of the original bill. There being no objection, it was so ordered.

CSHB 68(Fin)

Amendment No. 1 by M. M. Miller:

Page 3, line 19

Delete line 19

Re-number following paragraphs.

Representative M. M. Miller moved and asked unanimous consent that Amendment No. 1 be adopted.

Representative Barnes objected.

Representative M. M. Miller moved and asked unanimous consent that Amendment No. 1 be withdrawn. There being no objection, it was so ordered.

CSHB 68(Fin)

Representative Barnes moved and asked unanimous consent that CSHB 68(Fin) be considered engrossed, advanced to third reading and placed on final passage.

Representative Clocksin objected and withdrew his objection. There being no further objection, it was so ordered.

CSHB 68(Fin) was read the third time.

Representative Zharoff moved and asked unanimous consent that CSHB 68(Fin) be returned to second reading for the purpose of specific amendment.

Representative Pestinger objected and withdrew his objection. There being no further objection, it was so ordered.

Amendment No. 2 by Zharoff:

Page 2, line 14

Delete "at the time of appointment"

Representative Zharoff moved and asked unanimous consent that Amendment No. 2 be adopted.

Representative Abood objected and withdrew his objection. There being no further objection, it was so ordered.

CSHB 68(Fin)am

The question being: "Shall CSHB 68(Fin) be adopted?"
The roll was taken with the following result:

CSHB 68(FIN)AM

| | | |
|----------|----|--|
| Yeas: | 25 | Abood, Adams, Barne Bussell, Cato, Cowd Fuller, Furnace, G Herrmann, Hurlbert, Liska, Martin, Mill Pestinger, Ringstad Ward, Zharoff |
| Nays: | 14 | Clocksin, Davis, Du Goll, Koponen, Lars McBride, Miller, M. Szymanski, Tischer, |
| Excused: | 1 | Vaska |
| Absent: | 0 | |

And so, CSHB 68(Fin)am passed the House.

Representative Adams moved and asked that the Finance Committee letter of (the journal) be adopted by the House.

Representative Malone objected.

CSHB 68(Fin)am

The question being: "Shall the letter of (the journal) be adopted?"
The roll was taken with the following result:

nes moved and asked unanimous consent
be considered engrossed, advanced to
placed on final passage.

cksin objected and withdrew his objec-
: no further objection, it was so or-

ead the third time.

roff moved and asked unanimous consent
be returned to second reading for the
s amendment.

tinger objected and withdrew his objec-
no further objection, it was so ordered.

Zharoff:

at the time of appointment"

roff moved and asked unanimous consent
2 be adopted.

od objected and withdrew his objection.
urther objection, it was so ordered.

CSHB 68(Fin)am

The question being: "Shall CSHB 68(Fin)am pass the House?"
The roll was taken with the following result:

CSHB 68(FIN)AM

| | | |
|----------|----|---|
| Yeas: | 25 | Aboud, Adams, Barnes, Bettisworth, Bussell, Gato, Cowdery, Fritz, Fuller, Furnace, Grussendorf, Hayes, Herrmann, Harlbert, Lacher, Lindauer, Liska, Martin, Miller, N.W., Pestinger, Ringstad, Shultz, Uehling, Ward, Zharoff |
| Nays: | 14 | Clocksion, Davis, Duncan, Flood, Goll, Koponen, Larson, Malone, McBride, Miller, M.S., Phillips, Szymanski, Tischer, Wendte |
| Excused: | 1 | Vaska |
| Absent: | 0 | |

And so, CSHB 68(Fin)am passed the House.

Representative Adams moved and asked unanimous consent
that the Finance Committee letter of intent (page 806 of
the journal) be adopted by the House.

Representative Malone objected.

CSHB 68(Fin)am

The question being: "Shall the letter of intent be adopted?"
The roll was taken with the following result:

CSHB 68(Fin)am

CSHB 68(FIN)AM INTENT

Yeas: 23 Abood, Adams, Barnes, Bettisworth,
Bussell, Cato, Cowdery, Fritz,
Fuller, Furnace, Grussendorf, Hayes,
Herrmann, Hurlbert, Lacher, Lindauer,
Liska, Martin, Miller, M.W.,
Pestinger, Ringstad, Shultz, Ward

Nays: 14 Clocksin, Davis, Duncan, Goll,
Koponen, Larson, Malone, McBride,
Miller, M.M., Phillips, Szymanski,
Uehling, Wendte, Zharoff

Excused: 1 Vaska

Absent: 2 Flood, Tischer

And so, the letter of intent was adopted.

Representative M. M. Miller served notice of reconsideration of his vote on CSHB 68(Fin)am.

LEGISLATIVE CITATIONS

Representative Martin moved and asked unanimous consent that the citation Honoring Mary Hale be shown as being sponsored by all members of the House. There being no objection, it was so ordered.

Representative Abood moved and asked unanimous consent that the citation Honoring Mary Hale be approved by the House. There being no objection, it was so ordered and it was referred to the Chief Clerk for transmittal to the Senate.

UNFINISHED BUSINESSCSHJR 42(Rls)

Representative Koponen brought up vote on COMMITTEE SUBSTITUTE FOR NO. 42 (Rules) (relating to the estate relationship with Taiwan) at 2

THIRD READING OF HOUSE

CSHJR 42(Rls) was automatically in read the third time.

The question to be reconsidered being "The question to be reconsidered being pass the House?" The roll was taken result:

CSHJR 42(RULES) RECON

Yeas: 26 Abood, Adams,
Bussell, Cato,
Fuller, Furnace,
Herrmann, Hurlbert,
Liska, Martin,
Pestinger, Phillips,
Tischer, Uehling

Nays: 10 Clocksin, Davis,
Koponen, Lacher,
Miller, M.M., S

Excused: 1 Vaska

Absent: 3 Flood, Shultz,

Phillips moved and asked unanimous consent that the bill be withdrawn. There being no objection, it was so ordered.

Phillips moved and asked unanimous consent that the bill be considered engrossed, advanced to third reading and passed. There being no objection, it was so ordered.

at the third time.

Question: "Shall SSB 85 pass the House?" The result was as follows:

8 Abood, Barnes, Bettisworth,
Bussell, Cowdery, Flood, Fritz,
Furnace, Hayes, Lacher, Liska,
Martin, Phillips, Ringstad,
Szymanski, Tischer, Uehling, Ward

2 Adams, Cato, Clocksin, Davis,
Duncan, Fuller, Goll, Grussendorf,
Herrmann, Hurlbert, Koponen, Larson,
Lindauer, Malone, McBride,
Miller, M.M., Miller, M.W., Pestinger,
Shultz, Vaska, Wendte, Zharoff

failed to pass the House.

Szymanski served notice of reconsideration on SSB 85.

Phillips moved and asked unanimous consent that the bill be held until Monday, May 30, 1983. There being no objection, it was so ordered.

CSHB 68(Fin)am

Representative M. M. Miller brought up the reconsideration of COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 68 (Finance) amended (ferries and ferry terminals and establishing the Alaska Marine Highway Authority).

HOUSE BILLS IN THIRD READING

CSHB 68(Fin)am was automatically before the House in third reading and was read the third time.

Representative M. M. Miller moved and asked unanimous consent that CSHB 68(Fin)am be returned to second reading for specific amendment.

Amendment No. 1 by M. M. Miller:

Page 2, line 5:

After "legislature" add: "at least four of the members shall be residents of Southeast Alaska"

Representative Cato objected.

The question being: "Shall CSHB 68(Fin)am be returned to second reading for specific amendment?" The roll was taken with the following result:

CSHB 68(FIN)AM MOTION

Yeas: 13 Clocksin, Davis, Duncan, Flood,
Goll, Koponen, Larson, Malone,
Miller, M.M., Phillips, Vaska, Wendte,
Zharoff

Nays: 25 Abood, Adams, Barnes, Bettisworth,
Bussell, Cato, Cowdery, Fritz,
Fuller, Furnace, Grussendorf, Hayes,
Herrmann, Lacher, Lindauer, Liska,
Martin, McBride, Miller, M.W.,
Pestinger, Ringstad, Shultz, Tischer,
Uehling, Ward

Excused: 0

Absent: 2 Hurlbert, Szymanski

And so, CSHB 68(Fin)am was not returned to second reading.

CSHB 68(Fin)am

The question to be reconsidered: "Shall CSHB 68(Fin)am pass the House?" The roll was taken with the following result:

CSHB 68(FIN)AM RECON

| | | |
|----------|----|---|
| Yeas: | 24 | Abood, Adams, Barnes, Bettisworth, Bussell, Cato, Cowdery, Fuller, Furnace, Grussendorf, Hayes, Herrmann, Lacher, Lindauer, Liska, Martin, Miller, M.W., Pestinger, Ringstad, Shultz, Tischer, Uehling, Ward, Zharoff |
| Nays: | 14 | Clocksinn, Davis, Duncan, Flood, Fritz, Goll, Koponen, Larson, Malone, McBride, Miller, M.M., Phillips, Vaska, Wendte |
| Excused: | 0 | |
| Absent: | 2 | Hurlbert, Szymanski |

Representative Fritz changed his vote from "yea" to "nay."

Representative Cato changed her vote from "nay" to "yea."

And so, CSHB 68(Fin)am passed the House on reconsideration of the vote.

Representative Barnes moved for adoption of the Letter of Intent (page 806 of the journal).

The question being: "Shall the Letter of Intent be adopted?" The roll was taken with the following result:

CSHB 68(Fin)amCSHB 68(FIN)AM INTENT

| | | |
|----------|----|--|
| Yeas: | 24 | Abood, Adams, Barr, Bussell, Cato, Cow Fuller, Furnace, Herrmann, Lacher, Liska, Martin, Mil Pestinger, Ringsta Ward |
| Nays: | 14 | Clocksinn, Davis, Goll, Koponen, Mal Miller, M.M., Phil Vaska, Wendte, 7 |
| Excused: | 0 | |
| Absent: | 2 | Hurlbert, Szymanski |

And so, the Letter of Intent was adopted.

CSHB 68(Fin)am was referred to the Committee.

SECOND READING OF HOUSE RESOLUTIONHCR 37

HOUSE CONCURRENT RESOLUTION NO. 37 (development policy) was read the second time (Labor and Commerce Committee report at journal) and the Resources Committee of the journal).

Representative Barnes rose to a point of order.

The Speaker cautioned Representative Barnes not to debate the resolution before the body.

to be reconsidered: "Shall CSHB 68(Fin)am
" The roll was taken with the following

RECON

24 Abood, Adams, Barnes, Bettisworth,
Bussell, Cato, Cowdery, Fuller,
Furnace, Grussendorf, Hayes,
Herrmann, Lacher, Lindauer, Liska,
Martin, Miller, M.W., Pestinger,
Ringstad, Shultz, Tischer, Uehling,
Ward, Zharoff

14 Clocksin, Davis, Duncan, Flood,
Fritz, Goll, Koponen, Larson, Malone,
McBride, Miller, M.M., Phillips,
Vaska, Wendte

0

2 Hurlbert, Szymanski

Fritz changed his vote from "yea" to "nay."

Cato changed her vote from "nay" to "yea."

(Fin)am passed the House on reconsideration

Barnes moved for adoption of the Letter of
of the journal).

Q: "Shall the Letter of Intent be adopted?"
A: The roll was taken with the following result:

CSHB 68(Fin)am

CSHB 68(FIN)AM INTENT

| | | |
|----------|----|--|
| Yeas: | 24 | Abood, Adams, Barnes, Bettisworth, Bussell, Cato, Cowdery, Fritz, Fuller, Furnace, Grussendorf, Hayes, Herrmann, Lacher, Larson, Lindauer, Liska, Martin, Miller, M.W., Pestinger, Ringstad, Shultz, Tischer, Ward |
| Ways: | 14 | Clocksin, Davis, Duncan, Flood, Goll, Koponen, Malone, McBride, Miller, M.M., Phillips, Uehling, Vaska, Wendte, Zharoff |
| Excused: | 0 | |
| Absent: | 2 | Hurlbert, Szymanski |

And so, the Letter of Intent was adopted.

CSHB 68(Fin)am was referred to the Chief Clerk for engrossment.

SECOND READING OF HOUSE RESOLUTIONSHCR 37

HOUSE CONCURRENT RESOLUTION NO. 37 (relating to economic development policy) was read the second time with the Labor and Commerce Committee report (page 1327 of the journal) and the Resources Committee report (page 1525 of the journal).

Representative Barnes rose to a point of order.

The Speaker cautioned Representative Koponen to limit debate to the resolution before the body.

PRELIMINARY STATEMENT OF FISCAL IMPACT

Bill No: HB 68 Date on Bill: 7/18/83
 Title: Re ferries & ferry terminals & establish Alaska Marine Highway Authority
 Sponsor: Dean and Smitsendorf
 Requestor: House Transportation Committee

1. Estimated fiscal impacts on:

a. Expenditures:

(Thousands of Dollars)

| | FY 83 | FY 84 | FY 85 | FY 86 |
|-----------|-------|--------|--------|--------|
| Capital | | | | |
| Operating | | 2220.4 | 1360.0 | 1500.0 |
| Total | | | | |
| Revenue | | | | |

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

Sponsor did not identify source.

3. Assumptions:

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

Prepared By: Donna Goldbach Phone: 465-3911
 Division: Financial Management Date: _____

Approved by Commissioner: [Signature] Date: 3/17
 Department: Transportation & Public Facilities

5. Distribution:
 Original to Legislative Finance
 Copy to OMB
 Copy to Sponsor
 Copy to Requestor

2/8/83

III. ANALYSIS

There are administrative and organizational topics not specifically addressed in House Bill No. 68, "An Act relating to ferries and ferry terminals and establishing the Alaska Marine Highway Authority". Since the proposed legislation is similar in each of these bills, we are making the following assumptions in preparation of fiscal notes for each bill.

1. There is no offsetting credit taken for the expenditure of earned revenue to support the cost of operation of "Alaska Marine Highway Authority". In actuality, the initial cost would be the same if funding came from a direct appropriation for the full cost of operations from the legislature with earned revenue returned to the General Fund, or if earned revenue was expended with an appropriation to support the shortfall.
2. It is assumed the "Alaska Marine Highway Authority's" Payroll, Personnel, and Accounting systems would feed into the existing State systems to insure checks and balances, and would eliminate the necessity of creating a duplicate system.
3. We have assumed that initial start-up costs will be fully funded by the Legislature.
4. It is assumed the "Authority's" funding would be at the Division level and allocated to operating components as set out in its budget.
5. We have assumed a General Fund Subsidy for the difference between the total operating cost and the expected revenue for each fiscal year. We have further assumed that the total amount authorized would be available at the beginning of each fiscal year to allow the "Authority" to plan operations for each year.
6. The same inflation factor would apply to the "Authority's" budget request as followed by State agencies. We have assumed it to be seven percent (7%) for the fiscal note.
7. Initially the "Authority" would continue direct involvement with the State in the following:
 - A. Occupancy of a State owned office building.
 - B. Continued support from the State mail system.
 - C. Access to the State equipment fleet.
 - D. Access to the Statewide purchasing contract (i.e. fuel).

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES
DIVISION OF MARINE HIGHWAY SYSTEMS

NEW POSITIONS

HB 68

| Position | Wage At Started Range Step A | Range | Wages | 9/30/82 APSR FY83 Wage | Location | Notes |
|---------------------------------|------------------------------------|-------|---------|---------------------------|----------|-------|
| Operations Director | *51,840 | 24 | 552,656 | | JNO | |
| Computer Manager I | *36,492 | 19 | 36,463 | | JNO | |
| Accounting Supervisor III | *34,056 | 18 | 34,044 | | JNO | |
| Systems Analyst | *34,056 | 18 | 34,044 | | JNO | |
| Property Control Officer III | *34,056 | 18 | 34,044 | | JNO | |
| Information Officer | *32,868 | 17 | 31,620 | | JNO | |
| Purchasing Agent I | *29,556 | 16 | 29,460 | | JNO | |
| Communications Specialist | *29,556 | 16 | 29,460 | | JNO | |
| Internal Auditor | *29,556 | 16 | 29,460 | | JNO | |
| Accounting Supervisor II | *29,556 | 16 | 29,460 | | JNO | |
| Computer Operator | *25,740 | 14 | 25,620 | | JNO | |
| Computer Operator | *25,740 | 14 | 25,620 | | JNO | |
| Personnel Technician II | *25,740 | 14 | 25,620 | | JNO | |
| Accounting Technician I | *22,668 | 12 | 22,440 | | JNO | |
| Personnel Technician I | *22,668 | 12 | 22,440 | | KTH | |
| Accounting Clerk III | *20,076 | 10 | 19,944 | | JNO | |
| Accounting Clerk II | *21,984 | 9 | 18,768 | | SRD | |
| Mail Clerk Carrier III | *19,524 | 9 | 18,768 | | JNO | |
| Data Processing Asst | *18,936 | 9 | 18,768 | | JNO | |
| Data Processing Asst | *18,936 | 9 | 18,768 | | JNO | |
| Maintenance Foreman | *29,679 | WG 55 | 29,679 | | JNO | |
| Maintenance Man | *27,905 | WG 56 | 27,905 | | JNO | |
| Maintenance Man | *26,286 | WG 57 | 26,306 | | JNO | |
| Executive Secretary III | *29,556 | 16 | 29,460 | | JNO | |

I. REQUEST
Bill/Resolution
Title: At AC
Requested by:II. FISCAL DETAIL
Agency Affect:
Program Categ:
RFD Program:
(Note: If more
amount:

EXPENDITURES

100 PERSONNEL, TEMP
200 TRAVEL
300 CONTRACTUAL
400 COMMODITIES
500 EQUIPMENT
600 LAND & STRUCT.
700 GRANTS, CLAIMS.

TOTAL

FUNDING (Show

GENERAL FUND
FEDERAL FUNDS
OTHER (Specify Sou

POSITIONS

FULL TIME
PART TIME
TEMPORARY

III. ANALYSIS (See

Passage of H.R.
beyond FY 83.
and has fiscal
existing Depart
Committee to pr
the FY 84 budge
The amount pr
funding will be
dollars to star
funding will pr
for some person
and other costs

IV. DATE 3/21/82

Original: Legislat
cc: Budget &
Prime Sp
33-001 (Rev. 12/82

1983

HOUSE JOURNAL SUPPLEMENT

April 11, 1983

No. 37

FISCAL NOTE

HB
69

I. REQUEST
 Bill/Resolution No. CS HB 68 (FINANCE) Page 1 of 5
 Title Establishing an Alaska Marine Highway Authority
 Requested by _____ Date 4/7/83

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

EXPENDITURES (Thousands of Dollars)

| | FY 83 | FY 84 | FY 85 | FY 86 | FY 87 | FY 88 |
|--------------------------|-------|----------|----------|----------|----------|----------|
| 100 PERSONAL SERVICES | | 5402.4 | 3838.7 | 5101.7 | 5187.3 | 5162.9 |
| 200 TRAVEL | | 73.4 | 97.8 | 103.6 | 109.8 | 116.4 |
| 300 CONTRACTUAL | | 507.0 | 297.1 | 209.8 | 222.4 | 235.7 |
| 400 COMMODITIES | | 30.0 | 61.2 | 64.9 | 68.8 | 72.9 |
| 500 EQUIPMENT | | 60.8 | 70.2 | 76.3 | 77.8 | 70.5 |
| 600 LAND & STRUCTURES | | | | | | |
| 700 GRANTS, CLAIMS, ETC. | | | | | | |
| TOTAL Operating | | \$1073.6 | \$1436.0 | \$1421.9 | \$1507.1 | \$1597.4 |
| Capital | | | 577.0 | | | |

FUNDING (Thousands of Dollars)

| | | | | | | |
|------------------------|--|----------|----------|----------|----------|----------|
| GENERAL FUND | | \$1073.6 | \$2013.0 | \$1421.9 | \$1507.1 | \$1597.4 |
| FEDERAL FUNDS | | | | | | |
| OTHER (Specify Source) | | \$100.0 | | | | |

POSITIONS

| | | | | | | |
|-----------|--|----|----|----|----|----|
| FULL TIME | | 18 | 26 | 26 | 26 | 26 |
| PART TIME | | | | | | |
| TEMPORARY | | | | | | |

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

(SEE ATTACHED)

IV. DATE 4/7/83 PREPARED BY Jerry Schilz
 AGENCY Rep. Grussendorf's Office
 Original: Legislative Finance PHONE _____
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)
 32-001 (Rev. 12/82)

IV. ANALYSIS

The following assumptions were made:

- The "Alaska Marine Highway Authority's" Payroll, Personnel, and Accounting systems would use the existing State systems.
- A General Fund subsidy for the difference between the total operating cost and the expected revenue for each fiscal year, and availability of the full amount at the beginning of each fiscal year to allow the "Authority" to plan operations for each year.
- Inflation factor of six percent (6%) for future years.
- "Authority" would continue to use:
 - State owned office buildings.
 - The State mail system.
 - The State equipment fleet.
 - The statewide purchasing contracts (i.e. fuel).
 - "Shared" communications lines.
 - Insurance, bonding, etc., as now supplied.
 - Legal service from the Attorney General's office.
 - DCM Computer Services for the first year.
 - Accounting services would be gradually absorbed during 1984.
- Equipment for the proposed twenty-four (24) new hire employees would be \$60.8 in FY 84 and \$20.2 in FY 85.
- The "Authority" would require its own computer, and one time costs would be \$577.0 for hardware which would be acquired in 1985.
- The first year shows a one time start-up funds for Contractual \$477.0; (Legal Services \$212.0; Software/consultant service \$265.0); and \$10.0 Commodities (primarily office supplies). FY 85 includes additional space rent \$99.2.
- Excluding transfers the actual increase for Personal Services is \$402.4 to fund eighteen (18) new positions (most less than 12 months) in FY 84, six (6) in FY 85. (See attached list.)

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

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

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

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES
DIVISION OF MARINE HIGHWAY SYSTEMS

NEW POSITIONS

CSHB 68(Fin) Page 3 of 5

| <u>Position</u> | <u>Wage At</u> <u>Started Range</u> <u>Step A</u> | <u>Range</u> | <u>Wages</u> | <u>FY 84</u> <u>No.</u> | <u>\$</u> | <u>Location</u> | <u>Notes</u> |
|------------------------------|---|--------------|--------------|----------------------------|-----------|-----------------|---|
| Operations Director | *\$1,840 | 24 | \$52,656 | 12 | \$2,656 | JNO | All positions funded 12 months in FY 85 |
| Computer Manager I | *\$6,492 | 19 | 36,468 | -0- | -0- | JNO | |
| Accounting Supervisor III | *\$4,056 | 18 | 34,044 | 12 | 30,044 | JNO | |
| Systems Analyst | *\$4,056 | 18 | 34,044 | 12 | 30,044 | JNO | |
| Property Control Officer III | *\$4,056 | 18 | 34,044 | 6 | 17,022 | JNO | |
| Information Officer | *\$2,868 | 17 | 31,680 | 12- | 31,680 | JNO | |
| Purchasing Agent I | *\$2,556 | 16 | 29,460 | 6 | 14,730 | JNO | |
| Communications Specialist | *\$2,556 | 16 | 29,460 | -0- | -0- | JNO | |
| Internal Auditor | *\$2,556 | 16 | 29,460 | 12 | 29,460 | JNO | |
| Accounting Supervisor II | *\$2,556 | 16 | 29,460 | 3 | 7,365 | JNO | |
| Computer Operator | *\$2,574 | 14 | 25,620 | -0- | -0- | JNO | |
| Computer Operator | *\$2,574 | 14 | 25,620 | -0- | -0- | JNO | |
| Personnel Technician II | *\$2,574 | 14 | 25,620 | 3 | 6,405 | JNO | |
| Accounting Technician I | *\$2,668 | 12 | 22,440 | 3 | 5,610 | JNO | |
| Personnel Technician I | *\$2,668 | 12 | 22,440 | 3 | 5,610 | JNO | |
| Accounting Clerk III | *\$20,076 | 10 | 19,944 | 3 | 4,986 | JNO | |
| Accounting Clerk II | *\$21,984 | 9 | 18,768 | 3 | 4,692 | SED | |
| Mail Clerk Carrier III | *\$19,524 | 9 | 18,768 | 3 | 4,692 | JNO | |
| Data Processing Asst | *\$18,936 | 9 | 18,768 | -0- | -0- | JNO | |
| Data Processing Asst | *\$18,936 | 9 | 18,768 | -0- | -0- | JNO | |
| Maintenance Foreman | *\$29,679 | WG 55 | 29,679 | 3 | 14,840 | JNO | |

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES
DIVISION OF MARINE HIGHWAY SYSTEMS

NEW POSITIONS

CSHB 6^r (Fin) Page 4 of 5

| Position | Wage At Started Range Step A | Range | Wages | FY 84 | | Location | Notes |
|-------------------------|------------------------------------|-------|--------|-------|---------|----------|---|
| | | | | Mo. | \$ | | |
| Maintenance Man | *27,905 | VG 56 | 27,905 | 3 | 6,976 | JNO | All positions funded 12 m in FY 85. |
| Maintenance Man | *26,286 | VG 57 | 26,306 | 3 | 6,377 | JNO | |
| Executive Secretary III | *29,556 | 16 | 29,460 | 12 | 29,460 | JNO | |
| | | | | | 302,849 | | |

PRELIMII

Bill No: CSHB 230

Title: An Act relating to licenses
Sponsor: Rules by request of the Gov
Requestor: _____

Estimated fiscal impacts on:

a. Expenditures:

| Capital | Operating | Total |
|---------|-----------|-------|
| | | |
| | | |

b. Revenues: 459.0 each four
Revenuec. Source of funds to offset if
not identified

d. Assumptions:

Personal ser
Travel
Commodities
Equipment
Contractuale. Disclaimer:
This statement has not been
not represent the policy of
impact.Prepared By: DAVE PALMI
Division: H. HESSApproved by Commissioner: _____
Department: _____f. Distribution:
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Copy to Sponsor
Copy to Requestor