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(11)

HOUSE COMMITTEE REPORT

Date referred: 1/22/88

FURTHER REFERRALS:

DATE: 2-8-88

The Finance Committee has considered HB 349

"An Act increasing the membership on the board of directors of the Alaska Railroad Corporation; and providing for an effective date."

RECOMMENDS:

- replace with CS HB 349 (FIN) the same title
- attached amendment(s) a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):

- fiscal impact same as previous fiscal note published _____
- zero fiscal note same as previous zero fiscal note published 1/22/88
- zero with analysis

SIGNING DO PASS:

[Signature]
[Signature]
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SIGNING OTHER RECOMMENDATIONS:

[Signature] No Rec.
[Signature] NO REC
[Signature] No Recommendation

[Signature]
 Chairman's signature

**STATE OF ALASKA
1988 LEGISLATIVE SESSION**

**BILL VERSION: HB 349
PUBLISH DATE: HOUSE 1/22/88**

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: _____
 Title: An Act increasing the membership on BRU: _____
the board of directors of the ARRC _____
 Sponsor: Cato Components: _____
 Requestor: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	\$0	\$0	\$0	\$0	\$0	\$0
CAPITAL	\$0	\$0	\$0	\$0	\$0	\$0
REVENUE	\$0	\$0	\$0	\$0	\$0	\$0

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	\$0	\$0	\$0	\$0	\$0	\$0

POSITIONS: None

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Compensation, per diem, and other expenditures payable to members of the board of directors of the Alaska Railroad Corporation are the responsibility of the Alaska Railroad Corporation and are not an expenditure of the state of Alaska general fund.

Prepared by: Rep. Bette Cato, Chairman Phone: 465-4858
 Division: House Transportation Committee Date: January 20, 1988

Approved by Commissioner: Rep. Bette Cato, Chairman Date: January 20, 1988
 Agency: House Transportation Committee

Distribution (by preparer):

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

Original sponsor: Cato

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 349 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act increasing the membership on the board of
7 directors of the Alaska Railroad Corporation; and
8 providing for an effective date."

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

10 * Section 1. AS 42.40.020(a) is amended to read:

11 (a) The powers of the corporation are vested in the board of
12 directors. The board consists of the commissioner of commerce and
13 economic development, the commissioner of transportation and public
14 facilities, and seven [FIVE] members appointed by the governor. The
15 seven [FIVE] appointed members must be registered voters in the state
16 except as provided in (1) and (2) of this subsection. Except for the
17 commissioners and the member appointed under (5) of this section, a
18 member may not be a state officer or employee. Appointed members
19 shall have the following qualifications:

20 (1) one member of the board shall be a person who has at
21 least 10 years of experience in railroad management; a person who is
22 not a resident of the state may be appointed under this paragraph;

23 (2) one member of the board shall be or have been an execu-
24 tive official of a United States railroad and shall be selected in
25 accordance with any requirements imposed under 49 U.S.C. (Interstate
26 Commerce Act); a person who is not a resident of the state may be
27 appointed under this paragraph;

28 (3) at least one member shall be from each judicial dis-
29 trict directly served by the Alaska Railroad;

1 (4) one member shall have at least five years experience as
2 an owner or manager of a business in the state;

3 (5) one member shall be an employee who is a member of a
4 bargaining unit representing employees of the corporation;

5 (6) one member shall be a resident of Fairbanks;

6 (7) one member shall be a resident of Seward;

7 (8) one member shall be a resident of Anchorage.

8 * Sec. 2. Within 30 days after the effective date of this Act the
9 governor shall appoint two members to the board of directors of the Alaska
10 Railroad Corporation under AS 42.40.020(a) amended by sec. 1 of this Act.

11 * Sec. 3. This Act takes effect immediately under AS 01.10.070(c).
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A M E N D M E N T

HB 349

Rep. Brown

Page 2, Line 7 ADD

(8) one member shall be a resident of Anchorage.

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: HB 349
PUBLISH DATE: HOUSE 1/22/88

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: _____
 Title: An Act increasing the membership on BRU: _____
the board of directors of the ARRC _____
 Sponsor: Cato Components: _____
 Requestor: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	\$0	\$0	\$0	\$0	\$0	\$0

CAPITAL	\$0	\$0	\$0	\$0	\$0	\$0
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REVENUE	\$0	\$0	\$0	\$0	\$0	\$0
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FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	\$0	\$0	\$0	\$0	\$0	\$0

POSITIONS: None

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Compensation, per diem, and other expenditures payable to members of the board of directors of the Alaska Railroad Corporation are the responsibility of the Alaska Railroad Corporation and are not an expenditure of the state of Alaska general fund.

Prepared by: Rep. Bette Cato, Chairman Phone: 465-4858
 Division: House Transportation Committee Date: January 20, 1988

Approved by Commissioner: Rep. Bette Cato, Chairman Date: January 20, 1988
 Agency: House Transportation Committee

Distribution (by preparer):

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

J. JUSTIN RIPLEY

Born Oct. 21, 1934, Kotzebue, Alaska. B.A., Gonzaga University, 1956; J.D. Gonzaga University, 1964. U.S. Army 1957-60; trust administrator, Seattle First National Bank, 1961-62; law clerk, Alaska Supreme Court 1964-65; staff of Attorney General, Juneau, 1965-68; staff of district attorney, Third Judicial District 1968-75. Appointed present position June, 1975. American Judicature Society.

BRIAN SHORTELL

Born in 1940, is a graduate of the University of California, Hastings College of Law. Engaged in private practice in Fairbanks in 1971, Anchorage in 1972, and San Rafael, California in 1973. Returned to Alaska in 1973 to serve as Public Defender in Anchorage. Is a member of several bar associations and served on the Alaska Criminal Rules Committee, the Sentencing Guidelines Committee, the Alaska Criminal Code Revision Commission as well as the Governor's Commission on the Administration of Justice. Appointed to present post in December 1980.

MILTON SOUTER

Born July 17, 1942, in Norwich, Conn; holds a BA from Washington State University, 1964; J.D., University of Washington Law School, 1967; was engaged in private practice of law in Anchorage and Kodiak, 1967-78. Appointed to Superior Court in June, 1978.



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ALASKA RAILROAD CORPORATION



P.O. Box 7-2111 • Anchorage, Alaska 99510-7069

January 19, 1988

Honorable Bette Cato, Chairman
Transportation Committee
House of Representatives
P.O. Box V
Juneau, Alaska 99811

Re: House Bill No. 349, An Act Increasing the Membership
on the Board of Directors of the Alaska Railroad
Corporation

Dear ^{Bette} Representative Cato,

Thank you for this opportunity to express our comments on HB 47 which proposes to add two additional directors to the Alaska Railroad Corporation ("ARRC") board.

We've carefully reviewed the bill and enclose our position paper and fiscal note.

Although we do not oppose this legislation, we respectfully request that consideration be given to adding one, not two, additional board members. As our paper explains, we fear that at nine members our board will become too large and unwieldy. By also changing the number of affirmative votes needed for board action from four to five, the problem with tie votes as you and I discussed some time ago will be avoided. This reduction of proposed appointees will also reduce our projected costs by half.

We've asked our legislative representative, Rick Urion, to attend tomorrow's hearing. Should questions or comments arise concerning our proposal which Rick cannot field, we will stand by here to supplement his responses.

Thank you very much.

Sincerely,

Handwritten signature of F. G. Turpin.

F. G. Turpin
President & CEO

cc: House Transportation Committee
James O. Campbell, Chairman, ARRC Board of Directors
Rick Urion

5820L

January 19, 1988

HOUSE BILL NO. 349

An Act Increasing the Membership on the
Board of Directors of the Alaska Railroad Corporation

I. Introduction

HB 349 proposes to add two members to the Alaska Railroad Corporation ("ARRC") Board of Directors, one from Seward and one from Fairbanks. The legislation is intended to provide additional representation for railbelt communities on the ARRC board. Although ARRC does not oppose HB 349, we respectfully request that consideration be given to adding one, not two, additional directors to the ARRC board.

II. Discussion

The powers of the Alaska Railroad Corporation are vested in its board of directors. To insure local control of the railroad's important transportation and governmental functions, ARRC's enabling legislation directs that the seven member panel primarily consist of Alaskan residents. The legislation envisions that the board collectively contain a wide range of skills and experience, including railroad management, business, and labor expertise. In addition, each judicial district directly served by the Alaska Railroad must be represented on the board. This provision ensures that railbelt representation will be broad based.

Nonetheless, concern has been raised that the current board does not include a Seward resident. ARRC and Seward community interests have been commercially, geographically, and financially intertwined for many years. Despite the participation of its representative on ARRC's Community Briefing Council which meets to consider railroad/railbelt concerns and common interests, Seward leaders have requested a permanent Seward seat on the ARRC board.

ARRC does not oppose a modification of the Alaska Railroad Corporation Act ("ARCA") which would provide smaller port communities in the railbelt a common representative on its Board of Directors. However, we request that HB 349 be amended as follows:

(7) one member shall be a resident of Seward, [.]
Whittier, or Nenana.

This modification would allow other port communities located in the railbelt such as Whittier an opportunity to suggest residents for appointment.

POSITION PAPER / Alaska Railroad Corporation

ARRC Position Paper
House Bill No. 349
January 19, 1988
Page 2

We also request that subsection (6) be deleted. The provision would require that one board member be a resident of Fairbanks. The Fairbanks community is assured adequate representation by an existing provision which requires that all judicial districts served by the Alaska Railroad be represented. For example, Director Frank Chapados is a resident of that Interior city. We fear that at nine members the ARRC board will become too large and unwieldy. An attached fiscal note also demonstrates that the projected costs of two additional board members is \$25,400. These are not insignificant costs which can be reduced by half by amending the bill.

Without other ARCA modifications, a board of eight directors would find themselves at an impasse when tie votes prevent it from taking action. However, A.S. 42.40.160(b) provides that "(f)our affirmative votes are required for board action." By increasing the number of required affirmative votes for affirmative action from four to five, such impasses will never occur. This revision also seems prudent since the pool of available board members will be increased by one should this proposal be accepted.

III. Conclusion

ARRC is not opposed to the appointment of an additional member to its board. However, as discussed above, it respectfully requests that a single director from a port community in the railbelt be added.

5821L

CITY OF SEWARD

P.O. BOX 167
SEWARD, ALASKA 99664



- Main Office (907) 224-3331
- Police (907) 224-3338
- Harbor (907) 224-3138
- Fire (907) 224-3445
- Telecopier (907) 224-3248

January 19, 1988

THE HONORABLE BETTE CATO
CHAIRMAN, COMMITTEE ON TRANSPORTATION
HOUSE OF REPRESENTATIVES
P. O. Box V
Juneau, AK 99811

Dear Madam Chairman:

The city of Seward welcomes the opportunity to offer testimony on House Bill 349, which would expand the Alaska Railroad Corporation Board from five (5) to seven (7) members, with one member being a resident of Fairbanks and one member a resident of Seward.

As you are aware, since the state has owned the Alaska Railroad, Seward has expressed the wish to have a representative from Seward on the board of directors. It is the city's position that the board should be comprised of individuals who represent the major railbelt communities. As termini of the railroad, and communities that depend in a significant economic way on the activities of the railroad, it is important that Seward and Fairbanks be represented on the board.

Your committee is aware of the wide degree of issues concerning the city of Seward relating to the Alaska Railroad Corporation. The recently published House Transportation Committee FY88 Interim Report on the Alaska Railroad Corporation summarizes the significant issues involving Seward and the Alaska Railroad. Paramount among these is Seward's lack of representation on the board of directors. The interim report well summarizes what we feel would be the benefits to Seward with direct board representation. Simply put, we would have a voice

CITY OF SEWARD, ALASKA
THE HONORABLE BETTE CATO
Page 2

and a vote, which we do not now have, on matters of extreme importance to Seward. We strongly recommend the committee's favorable recommendation on this Bill.

Sincerely,

CITY OF SEWARD, ALASKA


DARRYL SCHAEFERMEYER
INTERIM CITY MANAGER

DS:alm

Enclosures: Overview and Seward
sections of HTC FY88 Interim Report

cy: Council

REVISION DATE: 11/10/87

Railroad Corporation

MEMBER	APPT	REAPPT	TERM
James O. Campbell 826 Overlook Place Anchorage, Ak. 99501 (H) 274-4207 Public/Restricted ~ Chair	84/10/03		89/10/03
Frank X. Chapados 3060 Riverview Drive Fairbanks 99701 (W) 452-7913 (H) 474-0125 Public/Restricted	84/10/03		89/10/03
Myron M. Christy 36 Via Cheparro San Rafael, CA 94904 (W) (415) (H) 461-2828 Mgmt/Executive	84/11/26	86/10/31	91/10/03
Lewis E. Dickinson 4017 North Point Drive Anchorage 99502 (W) 562-2000 (H) 243-1079 Public/Restricted	84/10/03		88/10/03
Mark S. Hickey DOT/PF Juneau 99811 (W) 465-3900 (H) NONE Comm./Mandated	86/12/01		00/00/00
Tony Smith Commissioner, DCED Juneau 99811 (W) 465-2500 (H) NONE Comm./Mandated	87/01/06		00/00/00
Gerald D. Valinske 6910 Chad Street Anchorage 99518 (W) 265-2636 (H) 349-7005 Bargaining Unit	84/10/03	87/11/02	92/10/03

Chapter 40. Alaska Railroad Corporation.

Article

1. Establishment and Organization (§§ 42.40.010 — 42.40.060)
2. Management (§§ 42.40.100 — 42.40.120)
3. Administrative Provisions (§§ 42.40.150 — 42.40.230)
4. Powers and Duties (§§ 42.40.250 — 42.40.310)
5. Corporation Property (§§ 42.40.350 — 42.40.450)
6. Financial Provisions (§§ 42.40.500 — 42.40.540)
7. Bonds (§§ 42.40.600 — 42.40.700)
8. Personnel and Labor Relations (§§ 42.40.705 — 42.40.890)
9. General Provisions (§§ 42.40.900 — 42.40.990)

Cross references. — For legislative findings and purpose in enacting this chapter, see § 1, ch. 153, SLA 1984 in the Temporary and Special Acts; for special reports required, see § 3, ch. 153, SLA 1984 in the Temporary and Special Acts.

Legislative history reports. — For legislative letter of intent relating to ch. 153, SLA 1984 (SCS CSHB 512 (Fin) am S), see 1984 Senate Journal, p. 3221.

Article 1. Establishment and Organization.

Section

10. Establishment of the corporation
20. Board of directors
30. Term of office

Section

40. Vacancies
50. Compensation and expenses
60. Board officers

Sec. 42.40.010. Establishment of the corporation. There is established the Alaska Railroad Corporation. The corporation is a public corporation and is an instrumentality of the state within the Department of Commerce and Economic Development. The corporation has a legal existence independent of and separate from the state. The continued operation of the Alaska Railroad by the corporation as provided in this chapter is considered an essential government function of the state. (§ 2 ch 153 SLA 1984)

Sec. 42.40.020. Board of directors. (a) The powers of the corporation are vested in the board of directors. The board consists of the commissioner of commerce and economic development, the commissioner of transportation and public facilities, and five members appointed by the governor. The five appointed members must be registered voters in the state except as provided in (1) and (2) of this subsection. Except for the commissioners and the member appointed under (5) of this section, a member may not be a state officer or employee. Appointed members shall have the following qualifications:

(1) one member of the board shall be a person who has at least 10 years of experience in railroad management; a person who is not a resident of the state may be appointed under this paragraph;

(2) one member of the board shall be or have been an executive official of a United States railroad and shall be selected in accordance with any requirements imposed under 49 U.S.C. (Interstate Commerce Act); a person who is not a resident of the state may be appointed under this paragraph;

(3) at least one member shall be from each judicial district directly served by the Alaska Railroad;

(4) one member shall have at least five years experience as an owner or manager of a business in the state;

(5) one member shall be an employee who is a member of a bargaining unit representing employees of the corporation.

(b) Except for the commissioners, the members of the board shall be confirmed by a majority of the members of the legislature in joint session. A member appointed by the governor has the full powers and responsibilities of a confirmed board member until the member is rejected by the legislature or the legislature adjourns without confirming the member. (§ 2 ch 153 SLA 1984)

Cross references. — For terms of initial members of board, see § 4, ch. 153, SLA 1984 in the Temporary and Special Acts.

Sec. 42.40.030. Term of office. Except for the commissioner of commerce and economic development and the commissioner of transportation and public facilities, members of the board serve for staggered terms of five years each at the pleasure of the governor. (§ 2 ch 153 SLA 1984)

Sec. 42.40.040. Vacancies. (a) Except for the commissioner of commerce and economic development and the commissioner of transportation and public facilities, a vacancy on the board is filled by appointment by the governor, and the appointment must be confirmed by the members of the legislature in joint session. A member appointed to fill a vacancy holds office for the balance of the term for which the member's predecessor was appointed.

(b) A vacancy on the board does not impair the authority of a quorum of members to exercise the powers and perform the duties of the board.

(c) A member of the board whose term has expired shall serve until a successor has been appointed. (§ 2 ch 153 SLA 1984)

Sec. 42.40.050. Compensation and expenses. (a) An appointed member of the board is entitled to compensation at a rate of \$400 for each day the member is engaged in the actual performance of duties as a member of the board. The board may provide by rule for compensation for partial days during which an appointed member is engaged in actual performance of duties as a member of the board.

1 IN THE HOUSE

BY CATO

2

HOUSE BILL NO. 349

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6

For an Act entitled: "An Act increasing the membership on the board of
7 directors of the Alaska Railroad Corporation; and
8 providing for an effective date."

9

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

10

* Section 1. AS 42.40.020(a) is amended to read:

11

(a) The powers of the corporation are vested in the board of
12 directors. The board consists of the commissioner of commerce and
13 economic development, the commissioner of transportation and public
14 facilities, and seven [FIVE] members appointed by the governor. The
15 seven [FIVE] appointed members must be registered voters in the state
16 except as provided in (1) and (2) of this subsection. Except for the
17 commissioners and the member appointed under (5) of this section, a
18 member may not be a state officer or employee. Appointed members
19 shall have the following qualifications:

20

(1) one member of the board shall be a person who has at
21 least 10 years of experience in railroad management; a person who is
22 not a resident of the state may be appointed under this paragraph;

23

(2) one member of the board shall be or have been an execu-
24 tive official of a United States railroad and shall be selected in
25 accordance with any requirements imposed under 49 U.S.C. (Interstate
26 Commerce Act); a person who is not a resident of the state may be
27 appointed under this paragraph;

28

(3) at least one member shall be from each judicial dis-
29 trict directly served by the Alaska Railroad;

1 (4) one member shall have at least five years experience as
2 an owner or manager of a business in the state;

3 (5) one member shall be an employee who is a member of a
4 bargaining unit representing employees of the corporation;

5 (6) one member shall be a resident of Fairbanks;

6 (7) one member shall be a resident of Seward.

7 * Sec. 2. Within 30 days after the effective date of this Act the
8 governor shall appoint two members to the board of directors of the Alaska
9 Railroad Corporation under AS 42.40.020(a)(6) and (7) enacted in sec. 1 of
10 this Act.

11 * Sec. 3. This Act takes effect immediately under AS 01.10.070(c).