

COMMITTEE
MEETING:

3-9-88

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY
LEGISLATIVE REFERENCE LIBRARY

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 Transportation:

3/9/88



MEMORANDUM

TO: The Honorable Bette Cato, Chairman
House Transportation Committee
FROM: Loren Lounsbury, Chairman
Commonwealth North Railroad Committee
DATE: March 9, 1988
RE: Commonwealth North Railroad Study

Thank you for inviting us to meet with you and your committee regarding the study Commonwealth North is currently undertaking regarding the Alaska Railroad. As you may know, our organization has followed closely the railroad before the transfer, and at the time of the transfer. We are interested now in how it is doing under the state statute and what its future should be.

We have divided our team into three subcommittees:

1. An Operations subcommittee. This group is looking at how the railroad is doing since the transfer. This group is chaired by Frank Danner of Peat Marwick.
2. A Sale Option subcommittee. This group is looking at whether the railroad should be sold to a private entity or whether parts of it or its operations should be leased or put on contract. Chaired by Bob Dickson of the law firm of Atkinson, Conway & Gagnon.
3. An Economic Development subcommittee. This group is examining how the railroad could be more effective in assisting economic development, not just in South-central or Interior Alaska, but throughout the state. This group is examining potential extensions, both contiguous and non-contiguous. The group is chaired by Ray Latcham, Vice President of Norgasco.

*Founding Co-Chairmen Governor Walter J. Hickel and the late Governor William A. Egan
Max Hodel, President • Joe Hayes, Vice President • Loren Lounsbury, Vice President • Frank Turpin, Vice President
Sue Linford, Secretary • Robert E. Bulmer, Treasurer • Richard F. Barnes • Carl F. Brady, Sr. • David L. Chatfield • Roy M. Huhndorf
Archbishop Francis T. Hurley • Jeff Lowenfels • Dean Nelson • George N. Nelson • Governor Bill Sheffield
Judge James Singleton • William J. Tobin • William Wade • Connie Yoshimura
Malcolm B. Roberts, Executive Director*

I am very pleased by the calibre of this committee. The list of the members and their affiliations is attached. Also attached, is our draft outline for the study we are undertaking.

The mandate to us from our Board is to maintain a statewide perspective in terms of what is in the best interest of all Alaskans at this critical time when diversification and strengthening of our economy is so urgently needed.

We welcome this chance to meet with you, receive your advice and answer any questions.

Our hope is to complete our study and bring it back for your review by mid-April.

Thank you very much.



**COMMONWEALTH
NORTH**

OUTLINE

COMMONWEALTH NORTH RAILROAD STUDY

- 1.0 Assessment of Current Operations
 - 1.1 Review profit/loss information
 - 1.2 Review major revenue components
 - .1 Freight
 - .2 Passenger
 - .3 Real Estate
 - .4 Other
 - 1.3 Review major expense components
 - .1 Labor cost
 - .1 negotiated
 - .2 other
 - .2 Fuel
 - .3 Depreciation
 - .4 Management costs
 - .5 Other
 - 1.4 Review Management controls
 - .1 Corporation Act requirements
 - .2 Management by the Board of Directors
 - .1 Established policies
 - .1 operations of the board

*Founding Co-Chairmen Governor Walter J. Hickel and the late Governor William A. Egan
 Max Hodel, President • Joe Hayes, Vice President • Loren Lounsbury, Vice President • Frank Turpin, Vice President
 Sue Linford, Secretary • Robert E. Bulmer, Treasurer • Richard F. Barnes • Carl F. Brady, Sr. • David L. Chatfield • Roy M. Huhndorf
 Archbishop Francis T. Hurley • Jeff Lowenfels • Dean Nelson • George N. Nelson • Governor Bill Sheffield
 Judge James Singleton • William J. Tobin • William Wade • Connie Yoshimura
 Malcolm B. Roberts, Executive Director*

(2)

- .2 ethics and conflict of interest
 - .3 procurement and property disposal
 - .4 hiring and personnel
 - .5 real estate leasing
 - .6 other
 - .2 Budget review and approval
 - .3 External management controls (Audits)
 - .1 Financial
 - .2 Management
 - .4 Internal management controls
 - .1 Approval authority guide
 - .2 AFE process
 - .3 Employee Expense Guide
- 1.5 How has the ARRC balanced their mandate to be self-supporting with their responsibility as a public entity?
 - .1 Public input process
 - .1 Board meetings
 - .2 Public meetings on public interest issues
 - .1 procurement policy
 - .2 real estate lease policy
 - .3 passenger services
 - .3 Interface with public officials
 - .1 Local
 - .2 State

- .3 Federal
- .4 Community Briefing Council
- .2 Examples of public/private issues
 - .1 Passenger service
 - .2 Procurement policy
 - .3 Donations of Railroad property
 - .4 Are the tariffs fare?
- .3 Political involvement:
 - .1 How should the Legislature be involved in RR issues?
 - .1 ARCA
 - .2 Legislative history
 - .2 Recent examples of how the Legislature has been involved.
 - .1 Real estate
 - .2 Purchase of ties
 - .3 Caboose bill
 - .4 Free service to seniors
 - .5 Moose bill
- 1.6 Is ARRC aggressively marketing RR services?
- 1.7 What has the ARRC done to maintain/upgrade RR equipment and facilities?
 - .1 Equipment
 - .2 Facilities

- 2.0 Should the RR be sold to a private entity?
 - 2.1 Summarize legislative intent and requirements on privatization
 - 2.2 The pros and cons of privatization
 - .1 in the short-term
 - .2 in the long-term
 - 2.3 Estimated cost of offering the RR for sale
 - 2.4 What action should the state take?
- 3.0 What should the RR be in the long run?
 - 3.1 Summary of the Railroad's historical role in development of Alaska
 - 3.2 ARCA
 - 3.3 What should be done now to maximize RR's use as a development tool?
 - .1 By RR
 - .2 By the State
 - 3.4 Examples of development options (extentions)
 - .1 What known resource provinces could be tapped?
 - .2 How much would a railroad extention cost per mile?
 - 3.5 What do rural residents and Native corporations think about such extentions?
 - 3.6 What obstacles would such expansion encounter from federal agencies, especially federal land managers?
 - 3.7 Are there environmental/engineering problems?
 - 3.8 What are the potential benefits?

subcommittees: 1. Operations
2. Sale option
3. Economic Development

	Loren Lounsbury Chairman 277-4334	Former Commissioner of Dept. of Commerce and Economic Development; President, Lounsbury & Assoc.; Vice President, Commonwealth North.
1.	Dick Barnes 264-3681	President of Enstar Natural Gas Co.; Commonwealth North board member and Chairman of 1984 Railroad Committee.
2.	Bob Bulmer 276-5707	CWN Board member, owner of Alaska Executive Search. Commonwealth North Treasurer and Membership Committee Chairman.
1.	Frank Danner 276-7401	Peat, Marwick & Mitchell Tax Partner-in-Charge
2.	Robert Dickson 276-1700	Atkinson, Conway & Gagnon, Partner
3.	Joe Griffith 264-4750	Consultant to Anchorage Assembly, Partner, Chambers-Griffith Associates.
3.	Ralph Hargrave 563-3686	President of Cominco Alaska
1.	Joe Hayes 272-8222	Former Speaker of the House, Vice President of Commonwealth North
2.	David Heatwole 265-6335	ARCO Alaska, Vice President of External Affairs; Past President Alaska Mining Assn.
3.	John Herring 333-7547	President, Central Alaska Company
3.	Walter J. Hickel 276-7400	Founding Co-chairman of CWN, former Governor; Chairman Hickel Investment Co.
2.	Max Hodel 272-4305	President of Commonwealth North
3.	Ray Latchem 344-6742	Norgasco, Vice President
3.	Jeff Lowenfels 263-7220	CWN Board member, Partner with Birch, Horton, Bittner, Pestinger and Anderson
3.	Jim McElroy 261-3162	Vice President of Locher Interests, Ltd.
3.	Ron Sheardown 333-1602	Greatland Exploration, President; Member of Governor Cowper's natural resources transition team
1.	James Yarmon 276-4466	Yarmon Investments, Inc., President commercial real estate.



Official Business

COMMITTEE:

House Transportation Committee

DATE:

SIGN-IN

Subject of meeting:

*HB 448: "An Act relating to outdoor political advertising."

HJR 68: Urging Congress to restore the exemption from the federal excise tax on taxable fuels for certain diesel fuel users.

An Overview by the Commonwealth North Railroad Committee

NAME Please include title	ADDRESS Please use full address. Please include zip.	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY? <i>which bill</i>
935 W 3rd Ave. 99501	Loren S. Lounsbury <i>Vice President</i>	276-1414	Commonwealth Road	
<i>Chair R/W REGISTRATION</i>	Pittton H. Lentz	465-2985	DOT & PF	If requested HB 448
	Steve Frank			
Miles B. Roberts	2001 Churchill Rd Anchorage AK 99517	276-1414	Commonwealth North	yes

* indicates first public hearing